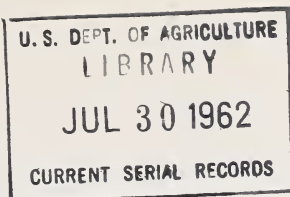


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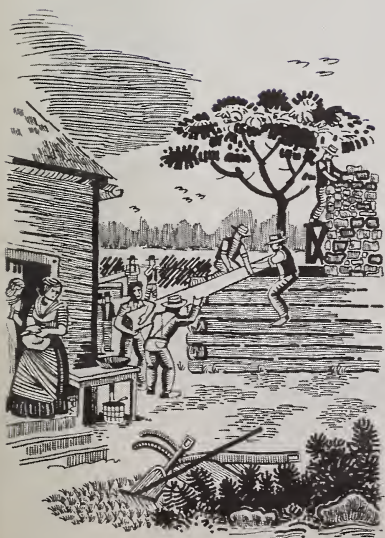


helping farmers build cooperatives

THE EVOLUTION OF FARMER COOPERATIVE SERVICE

by Andrew W. McKay
and Martin A. Abrahamsen

FARMER COOPERATIVE SERVICE
U.S. DEPARTMENT OF AGRICULTURE



The Farmer Cooperative Service conducts research studies and service activities of assistance to farmers in connection with cooperatives engaged in marketing farm products, purchasing farm supplies, and supplying business services. The work of the Service relates to problems of management, organization, policies, merchandising, product quality, costs, efficiency, financing, and membership.

The Service publishes the results of such studies, confers and advises with officials of farmer cooperatives; and works with educational agencies, cooperatives, and others in the dissemination of information relating to cooperative principles and practices.

**Joseph G. Knapp, Administrator
Farmer Cooperative Service
U.S. Department of Agriculture**

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FOREWORD

AGRICULTURAL cooperation is deeply rooted in our American economy. This fact is made clear in this circular by Andrew W. McKay and Martin A. Abrahamsen. It shows how Farmer Cooperative Service and its predecessor agencies in the Department of Agriculture have worked closely with farmers in their self-help organizations.

Mr. McKay took part in many of the events here described. His interest in cooperative organizations started in 1908 when he entered the Department to work with G. Harold Powell, then in charge of the fruit transportation and storage investigation, and later general manager of the California Fruit Growers Exchange (now Sunkist Growers, Inc., Los Angeles, Calif.).

From then on, with minor interruptions, he was active in helping farmers organize and operate their cooperatives until his retirement in 1953. No one can speak of the record of this work of the Department with farmer cooperatives with more intimate knowledge, perceptiveness, and authority.

Mr. Abrahamsen has served with Farmer Cooperative Service and its predecessor organization, the Cooperative Research and Service Division, Farm Credit Administration, since 1949. Before that time he had 13 years' experience in teaching and research in agricultural cooperation at West Virginia University and North Carolina State College. Because of continuing responsibilities in a broad range of cooperative research and educational efforts, his experience well supplements that of Mr. McKay when it comes to interpreting the implications of recent governmental programs with cooperatives and the efforts of these associations to provide assistance to the people they are organized to serve.

This study has been made to provide a record of many developments which might otherwise be lost—to preserve the lessons of the past for the use of the present and future. It has been prepared primarily for research workers, teachers, cooperative leaders, and those of the general public who have an interest in and appreciation of the forces that have helped make farmer cooperatives what they are today.

**Joseph G. Knapp, Administrator
Farmer Cooperative Service**

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Helping Farmers Build Cooperatives

(The Evolution of Farmer Cooperative Service)

by

Andrew W. McKay

and

Martin A. Abrahamsen¹

THIS report records the major contributions of Farmer Cooperative Service and its predecessor agencies in the U.S. Department of Agriculture in the struggles of farmers to improve the operations of their own cooperative business organizations during the past century. These contributions are grouped into distinctive periods of activity that reflect various important stages in the efforts of the Federal Government to help farmers build stronger cooperatives.

The first period briefly records the early informal beginnings in the efforts of the Department to assist farmer cooperatives (1867-1913). Next the first formal beginnings in providing assistance to

cooperatives are examined in detail. These include a review of the programs of the Office of Markets, the Office of Markets and Rural Organization, the Bureau of Markets, and the Bureau of Markets and Crop Estimates (1913-1922). Attention is then given to cooperative work in the Bureau of Agricultural Economics (1922-1929). This is followed by a consideration of the cooperative efforts of the Federal Farm Board (1929-1933).

The Farm Credit Administration's contributions to cooperatives are taken up next (1933-1953). Finally, the work of the present agency of the Department charged with responsibility for research, advisory service, and educational work with cooperatives, Farmer Cooperative Service, is examined (1953 to date).

Since this publication primarily deals with the contributions of the

¹Mr. McKay is now retired from Farmer Cooperative Service, U. S. Department of Agriculture; and Martin A. Abrahamsen is Director of the Purchasing Division of that Agency.

Farmer Cooperative Service and the agencies that preceeded it in the U.S. Department of Agriculture to farmer cooperatives, the very substantial assistance provided these associations by other Federal and

State agencies, notably the Federal Extension Service, State experiment stations, State extension services, land-grant colleges, and State Departments of Agriculture, are referred to only incidentally.

Early Contributions (1867-1913)

THIS section directs attention to early informal assistance to farmer cooperatives by the Federal Government, briefly pinpoints highlights in the cooperative groundswell that occurred simultaneously with these first efforts, and then notes the nature of the first research effort that was directed specifically to cooperatives.

Informal Assistance

When Oliver Hudson Kelly, an employee of the U.S. Department of Agriculture, took the lead in organizing the National Grange (Patrons of Husbandry) in 1867, he indirectly and unwittingly contributed to the first efforts of the Department of Agriculture to assist farmers in building stronger and more effective cooperative organizations.

As a former farmer, Mr. Kelly was responding to the adverse economic conditions confronting farmers, little realizing that from the essentially social and fraternal organization that he helped launch, thousands of cooperatives would be brought into existence. These organizations ranged all the way from local buying clubs to well-established cooperatives providing marketing and purchasing services both on a local and statewide basis.

The early workers in the Department who followed Mr. Kelly were

largely production specialists and biological scientists. Many of these workers, however, were sympathetic to and provided assistance useful to many of the newly organized cooperatives. This took the form of developing improved production and marketing techniques useful in the business operations of these associations.

Various projects of the Department were helping build the foundation on which agricultural cooperation now rests. J. T. Horner in an article in *Journal of Farm Economics*, October 1928, described the early work of the Department as follows:

. . . A study of the activities of 15 or 20 years just preceding the establishment of the Office of Markets (1913) leads one to the conclusion that some very effective and fundamental work [with farm cooperatives] was done. . . . Not only did this period give a body of information, but it developed a technique and trained some men around whom the later development grew.

In 1901 G. K. Holmes of the Bureau of Statistics, in an unpublished manuscript, "Farmers Cooperation," assembled basic information on types of cooperatives in the United States. The stated purpose in preparing this manuscript was to "present the dangers to be avoided, the requisites for success, and the actual conditions that have been encountered."

Another highlight in the development of the Federal program with cooperatives occurred in 1908 when President Theodore Roosevelt established the Country Life Commission. In a report published in 1914, the Commission recognized the place of cooperatives, emphasizing impediments to progress as well as the need for enabling legislation in the various States to give these organizations legal status. That such a well-recognized agricultural leader as Liberty Hyde Bailey served as Chairman of this Commission and President Roosevelt's recognition of the importance of studying this type of farmer-owned and -controlled business organization did much to enhance the prestige of cooperatives.

The Commission also received the encouragement of Horace Plunkett, well-known British cooperator. In fact, President Roosevelt accepted Mr. Plunkett's slogan, "Better farming, better business, better living," to keynote this effort.

In its report, the Commission stated: "There must be a vast enlargement of voluntary organized effort among farmers themselves. It is indispensable that farmers shall work together for their common interests and for the national welfare. . . . We have only begun to develop business cooperation in America."

Another contribution of the Federal Government at this time was the publication of Senate Document 16. It dealt with agricultural cooperation and rural credit in Europe and was the first of a series of documents and reports indicating the interest of the Federal Government in responding to the efforts of farmers to build stronger business organizations for themselves.

Cooperative Groundswell

To gain a better understanding of the growing interest of farmers in utilizing the Federal Government to provide assistance on their busi-



Early in the history of this Nation, farmers began purchasing supplies cooperatively. A few farmers in a neighborhood would get together to buy a carload of seed, salt, twine, flour, feed, or fertilizer and deliver it direct from the railroad car to keep costs down.

ness problems, it will be helpful to briefly trace some important highlights in the development of farmer cooperatives in the United States. These developments spring from a large number of motivating forces. To a considerable extent they reflect trial and error experimentation on the part of farmers in building business organizations to help them improve their economic position.

Farmer cooperatives developed as part of the tremendous changes in agriculture during the 19th century. The growth of farmers' business organizations into an important place in their farm operations began before the U.S. Department of Agriculture was formally organized. As a matter of fact, the need for both came about during almost the same period.

The Department of Agriculture has kept a running account of the early needs of farmers requiring cooperative effort. T. N. Carver well described this need in the 1913 *Yearbook* as follows:

Not only in New England, but everywhere on the frontier, there were common overwhelming needs, such as common defense, the clearing of the forest, the erection of buildings, and other tasks demanding the united strength of the whole community, which forced people into a kind of cooperation. After the passing of the frontier days there remained such common interests as the local school, the care of the roads, and the maintenance of the cemetery, to bring the people together around a common interest and give the neighborhood at least the germ of an organization.

As agriculture expanded beyond the self-contained, largely self-governing village or township, farmers naturally turned to a form of cooperation. A few associations for manufacturing cheese, some of which had cooperative features,

started early in the 19th century. It is reported that Lewis M. Horton began the manufacture of pineapple cheese at Goshen, Conn., about 1808. This was followed by the organization of "cheese-rings" in Wisconsin in about 1849. Cooperative cheese factories appeared about 1851.

An unsuccessful joint effort in 1820 for selling hogs by farmers near Granville, Ohio, is reported. Bulletin 325 of the Ohio Agricultural Experiment Station, *The Agriculture of Ohio* (W. A. Lloyd), in commenting on this effort said: "This attempt at business cooperation is the first in the State of which we have any account, and possessed most of the elements of ideal modern cooperation."

The *Prairie Farmer* described marketing efforts of a group of livestock producers in 1860 this way:

Seventeen farmers in the neighborhood of Neponset, Bureau County, Illinois, have for four years fattened and dressed their hogs with great care, clubbed together and brought them to market at the close of the season. Last week these gentlemen brought to this market 504 hogs. They were sold at auction at figures ranging from \$6.45 to \$8.50 per cwt. One lot of 24, fed by one man, averaging 325 pounds, sold at \$8.50 per cwt.

The Dane County Farmers Protective Union built one of the earliest, if not the earliest, farmer elevators at Madison, Wis., in 1857. It went out of business after the first year. The earliest reported association to market fruits and vegetables formed at Hammonton, N.J., in 1867, and continued for more than 30 years.

The first known local cooperative to handle farm supplies was an association at River Head, Long Island, in New York, organized in 1863. The purpose of this association was to buy fertilizer wholesale



Packing oranges in Covina, Calif., in 1896. Individual wrapping of fruit and hand nailing of boxes were the usual methods of the day.

in New York City for shipment to its members.

Following the early informal efforts of farmers before the Civil War to build cooperative organizations suited to their needs, were the organized efforts in the same direction during the next half a century by the major general farm organizations. These included The National Grange, The Farmers Alliance, The American Society of Equity, The Farmers Educational and Cooperative Union of America, and The American Farm Bureau Federation. In varying degrees, but always as an important part of their overall program to assist farmers, was their sponsorship of cooperative associations. In virtual waves, thousands of cooperative organizations were formed as a result of these activities.

Many of these cooperatives were poorly planned and operated. As a

result most of them soon passed out of the picture, especially those organized by the Grange and the Alliance. In any event, the Grange should be credited with introducing the Rochdale system of cooperation in the United States. Many of the Grange cooperatives organized after 1875 were formed under this plan.

As time went on, however, farmers came to understand the essentials for successful operation of cooperatives and the part that Federal and State Governments could occupy in helping them build the kinds of cooperatives changing agricultural conditions required. Consequently a number of associations sponsored by the American Society of Equity, The Farmers Educational and Cooperative Union of America, and The American Farm Bureau Federation are still in active operation. Moreover, in varying degrees these organizations

have supported the various types of service cooperatives—insurance, credit, banking, irrigation, and related associations—needed to help farmers meet their expanding and changing needs.

At much the same time, and largely on an independent basis with no general farm organization affiliation, a number of independently organized local marketing, purchasing, and service cooperatives came into being. These included such large-scale organizations as the California Fruit Growers Exchange (now Sunkist Growers, Inc.), and some of the other commodity organizations, particularly on the west coast. Moreover, among these cooperatives were a number that came to serve as the nucleus for the establishment of many of the well-known large scale regional marketing and purchasing organizations that were set up in the decades that followed. The first State associations of cooperative elevators were formed in Illinois in 1902, in Nebraska in 1903, and in Iowa in 1904.

Information assembled by the U.S. Department of Agriculture indicated that the number of active farmer cooperatives in 1900 was about 1,000. The chief ones were: Cotton, 13; dairy products, 709; fruits and vegetables, 86; grain, 122; livestock, 8; miscellaneous selling, 11; and miscellaneous buying, 47. This estimate was less than the actual number, but it indicated progress made in the cooperative marketing of several commodities.

The difficulties of making reliable estimates from early figures were indicated in Bulletin 5, *Grain (Guide for Organizing Local Cooperative Marketing Associations)*, of the Federal Farm Board:

During the early days of the cooperative movement many of the associations were only informal groups of farmers trying to better their lot by joint action. Rarely were they bound together by legal ties; only a fraction of the total number were incorporated. Often it was difficult to tell whether a particular association was alive or dead; and there was always uncertainty as to whether certain farmers were in or out of the movement at any particular time, as getting in and out were matters entirely under their own control.

Efforts of farmers to develop cooperatives during the 19th century may be regarded as skirmishes on widely scattered fronts. It was a number of years before they were able to consolidate their forces and move forward to common objectives. When they did, the lessons learned between 1870 and 1910 served them in good stead.

During this period, farmers learned the strength of the opposition to cooperative efforts. The old belief that a farmer's business interests should end at his front gate was still strong. Many agencies and individuals operated as if they were divinely appointed to handle the off-farm affairs of agriculture.

Farmers learned much about business methods in these early attempts at cooperation, and the later cooperatives were tempered by the mistakes and failures of the past. They tested also the strength of organization and acquired cooperative know-how that the earlier cooperative leaders did not have. An understanding of such basic Rochdale principles as—one-man, one-vote; sales of goods at the going retail price; and distribution of savings according to patronage—were among the important benefits.

Farmer cooperatives were discussed for the first time in the 1908 *Yearbook of the U.S. Department*

of Agriculture. The introductory paragraph in that portion devoted to the report of the Secretary stated:

Farmers' economic cooperation in the United States has developed enormously during the period under review, and it is safe to say that at the present time more than half of the 6,100,000 farms are represented in economic cooperation; the fraction is much larger if it is based on the total number of medium and better sorts of farmers to which the co-operators mostly belong.

"Contrary to his reputation," the report stated, "the farmer is a great organizer, and he has achieved remarkable and enormous successes in many lines of economic cooperation in which the people of other occupations have either made no beginning at all or have nearly if not completely failed."

First Specific Cooperative Project

In tune with the development of cooperation throughout the United

States, the Department of Agriculture responded to the growing need for information about cooperatives by authorizing the establishment in the Bureau of Plant Industry, the first project to deal specifically with farmer cooperatives. This was in 1912 and was known as the "Farmers' Cooperative Cotton Handling and Marketing Project." Charles J. Brand, the project leader, reported that it included the following lines of work:

1. The devising of a simple form of cooperative organization which might prove acceptable to communities of growers and not have the objection of requiring the subscription to considerable amounts of stock.
2. The compilation by a competent law clerk of the cotton ginning, compressing, and warehousing laws of the various States.
3. A preliminary survey of freight rates on cotton from various points of production to certain ports and markets.



As early as 1885 cotton farmers were attempting to own and operate gins. This is an early-day gin. First formal project in the U.S. Department of Agriculture specifically on farmer cooperatives dealt with cotton. It recommended one-variety communities and other improved handling and marketing practices.



This picture was taken over 25 years ago at the Winchester, Va., service store of the Southern States Cooperative, Richmond, Va.

4. A general survey of cotton handling mechanisms, including cleaning attachments, gins, gin compresses, and the like.

The Department hoped to attain the objectives of this project by these four steps:

1. By insisting on the production of a single variety for each community so that seed mixing at gins may be eliminated and a lucrative trade in pure seed at once be established; the demand for good seed now outruns the supply.

2. By organizing units of such size that the products can be sold in commercial lots of uniform grades and qualities. The marketing of cotton is a process of *concentration* and not *distribution*. The larger the producing unit, the more economical the marketing.

3. By improvements in ginning practices and the introduction of the gin compress so that cotton may be fully prepared for the mill before leaving the grower's control.

4. By a form of organization which will establish the responsibility of the associations and protect spinners or cotton merchants who deal directly with them. We hope eventually that these associations will operate their own oil mills and sell cooperatively all by-products of their surplus seed . . .

The beneficial effects of this first

project extend to the present day. One-variety communities are standard in most cottonseed producing areas, and many communities engaged in the production of lint are similarly organized. The initiation of other improvements in classing, ginning, warehousing, compressing, and marketing lint cotton and cottonseed can be traced back, if not directly to this project, at least to the spirit of the times in which the first work was done.

Within the Department of Agriculture and the land-grant colleges a new group of trained men was beginning to emerge. The Department no longer was concerned solely with technical problems of crop and livestock production. Marketing and other economic difficulties were causing concern and were about to be studied intensively.

The special problems of cooperatives serving agriculture, of which several thousand already had been formed, were among the first attacked. Work with farmer cooperatives became the forerunner of the large and valuable marketing research program that the Department has developed.

First Formal Efforts (1913-1922)

EARLY 1913 saw the beginning of a definite program to study and assist cooperatives in marketing farm products and in providing production supplies and related business services. This development, to a large extent, reflected a growing recognition of the importance of economic and social phases of agriculture. Formalized work with cooperatives by the Federal Government, therefore, did not indicate a basic change in Government policy. Rather it showed an interest in establishing a type of organization that would more effectively assist in the further development of the work with cooperatives that was already underway.

This section of the history considers the various agencies set up within the Department of Agriculture to facilitate the first formal efforts to assist farmer cooperatives. As such it describes work on problems of these organizations in the Office of Markets, the Office of Markets and Rural Organization, the Bureau of Markets, and the Bureau of Markets and Crop Estimates.

While this report covers only the cooperative work of these agencies, other activities contributed very substantially although indirectly to the development of cooperatives during this period. These include the Market News Service, the development of the grade standards, the United States Warehouse Act, and many other efforts that smoothed the path for many of the newly organized associations.

In addition, a number of the studies in particular industries were made on both cooperatives and other types of businesses. Moreover, closely related subjects covering such areas as various aspects of

rural credit, retail public markets, community fairs, setting up auditing services, establishing commodity marketing clearinghouses, and forming trade associations were among the areas studied by the various commodity divisions of these agencies.

The Office of Markets

On March 27, 1913, officials of the Department of Agriculture met with Secretary Houston "for the purpose of outlining the work of the various Bureaus in connection with the marketing and distribution of farm products, to report results already accomplished, and to discuss plans for the further development of these investigations."

At a second conference, held on the following April 29, G. Harold Powell, General Manager of the California Fruit Growers Exchange (now Sunkist Growers, Inc.), Los Angeles, formerly Chief of the Bureau of Plant Industry, was present at the invitation of the Secretary of Agriculture and discussed in considerable detail the organization and operation of the Exchange. He summarized his suggestion of assistance to cooperatives by the Department as follows:

- (1) Determine the principles on which farmers' business organizations can be successfully founded and operated.

- (2) Work out the principles of law which should be incorporated into State and Federal legislation and which would permit the proper organization and conduct of farmers' associations.

- (3) Study the distribution of farm crops as practiced by farmers' organizations and other agencies in order to determine the weaknesses, the wastes in distribution, the abuses and extravagances of the distributing system, and illegal practices, . . .

He went on to make suggestions of a general nature that included help for "farmers after they were organized to develop a system by which they can assure for themselves better information regarding crop conditions, the movement of crops, the supply in different markets, and the daily prices, this information to supplement the general data which the department may furnish the public." He also emphasized the need for grading, packaging, and the correction of market abuses.

Out of these conferences came plans for the work of the new Office of Markets. The first year largely was devoted to selecting and employing a staff and outlining and developing new projects. Two specialists in cooperative marketing and two in cooperative organization accounting were employed. The following extracts from the first report of Charles J. Brand, Chief of the Office of Markets, describes the progress that had been made at the end of fiscal 1914:

... much time and attention has been given to the subject of cooperative organization accounting. This work, which was begun October 1, 1913, was in its turn divided into two parts—a survey of cooperative agricultural marketing organizations, and a study of the systems of accounting and auditing for such organizations.

A survey of the cooperative agricultural marketing organizations throughout the United States was undertaken November 1, 1913. Since that time the names and addresses of over 7,000 organizations have been secured.

Accounting forms and descriptions of the systems in use in a number of cooperative organizations have been secured and studied. Personal visits have been made to a number of fruit and produce associations and to grain elevators and cooperative creameries for the purpose of studying the business practices in vogue and their methods of financing. From



An early "crib" elevator in the Pacific Northwest. One of the earliest projects the Department of Agriculture undertook in the field of farmer cooperatives was to develop an accounting system for cooperative grain elevators.

the information thus secured an accounting system has been prepared for use in grain elevators, and this is now being tried out in cooperation with three farmers' elevators, . . .

A system for use in small cooperative organizations handling deciduous fruits has been devised, and this is now being tried out in the Delaware Produce Exchange at Dover, Del., and the Virginia Fruit Growers (Inc.), at Staunton, Va.

A system for use in produce exchanges handling potatoes has been devised and is now being tried out in the office of the Long Island Potato Exchange, Riverhead, Long Island, N.Y.

Plans have also been made for the preparation of uniform systems of accounting for cooperative warehouses, canneries, creameries, cotton gins, and meat-packing plants, and for the recommendation of systems of auditing, plans for financing, and methods of business practices for these organizations.

A general accounting bulletin dealing with the business practices of cooperative agricultural marketing organizations has been prepared and is now ready for submittal.

The general work of this project has aimed to strengthen associations already organized and to make their work more

efficient, to guide new associations along safe and businesslike methods and away from the common mistakes of such enterprises, to arouse public interest in the spirit of cooperation, and to emphasize the essentials for successful application of that principle to the farmers' business.

To this end about 20 public addresses have been made before farmers' gatherings numbering from 100 to 3,000 persons. Forms of bylaws and accounting and auditing systems for cooperative associations, egg circles, etc., have been prepared and sent out to over 200 inquiring persons and societies, and aid has been given in drafting articles of incorporation, forms of constitution and bylaws, as well as suggestions on the control and management of farmer cooperative marketing associations.

In answer to urgent requests, personal visits have been made to more than 30 localities in various States, including Virginia, Kentucky, Maine, Massachusetts, Michigan, Kansas, Missouri, Nebraska, Colorado, Utah, and Idaho. At each of these places the representatives of this office studied local conditions and were in conference with farmers' associations.

The emphasis on improvement of business records and accounting served to pinpoint an area of weakness in many cooperatives. The records of local shippers, cooperatives and others, were woefully inadequate. Even the manager might be misinformed about expenses and the financial status of the business. The need for help on individual operating problems also is indicated by the attention given to providing advisory assistance to many cooperatives.

Federal workers with cooperatives, however, soon went beyond purely business aspects. As was pointed out in Mr. Brand's first report, it was recognized that the member-patron, as part owner of the cooperative, was entitled to complete and accurate information. Only in this way could membership confidence and loyalty be assured and farmer cooperatives develop.

Office of Markets and Rural Organization

The Office of Rural Organization was established by Congress a year later in order to determine the possibilities and encourage the use of organized cooperative effort in improving rural conditions. It was consolidated with the Office of Markets on July 1, 1914, as the Office of Markets and Rural Organization.

The work initiated in the Office of Markets with cooperatives was continued in this new agency. Attention is here given to early publications of this agency and its work in the area of cooperative organization and operation.

Early Publications

Several publications designed to serve as guides to cooperative directors and managers appeared early in 1915. Among the first was Department Bulletin 178, *Cooperative Organization Business Methods* (W. H. Kerr and G. A. Nahstoll). This publication dealt with systems of accounts, accounting forms, reserve for depreciation, patronage dividends, and similar problems.

The introduction stated: "In the promotion of a cooperative enterprise, there is a tendency to look only upon the opportunities of the business itself and the great benefits to be derived therefrom, disregarding the equally important matters concerning the formulation of plans and the adoption of methods for the successful conduct of the business."

A few months later, Department Bulletin 236, *A System of Accounts for Farmers Cooperative Elevators* (J. R. Humphrey and W. H. Kerr), was published. A description of suggested accounting forms for the use of local farmers' elevators and samples of the forms were included

in the bulletin. The text of the bulletin ended with this sentence: "If there is a common knowledge among the stockholders that the business of the elevator is being handled in a competent manner and that details and statistics regarding it can be furnished at any time, it will act as a bond of faith and will secure the loyalty of the members to their organization."

Other early publications were Department Bulletin 225, *A System of Accounting for Cooperative Fruit Associations* (G. A. Nahstoll and W. H. Kerr), and Department Bulletin 371, *Patronage Dividends in Cooperative Grain Companies* (J. R. Humphrey and W. H. Kerr). These were followed by additional publications on accounting for livestock associations, lumber yards, grain elevators, and country creameries. Yearbook Separate 637, *Cooperative Marketing and Financing of Marketing Associations* (C. E. Bassett, C. W. Moomaw, and W. H. Kerr), also appeared in 1915.

A 1915 survey showed 5,424 associations with 651,186 memberships and a volume of business approximately \$636 million. A later report of the Division of Cooperative Marketing is authority for the statement that: "Undoubtedly there was a larger number of organizations functioning at this time, but the reports secured are sufficiently representative to give a picture of the distribution of the associations, the membership and the volume of business transacted in the various State and commodity groups."

A publication of the Office of Markets and Rural Organization showed the States with the largest number of farmer cooperatives were Minnesota, Iowa, Wisconsin, North Dakota, Nebraska, Illinois, and Kansas. Minnesota led all the

States in number of membership. California was first in volume of business with some \$122 million.

Work under a cooperative purchasing and marketing project in 1916 included assistance in organizing and reorganizing associations, a study of existing State laws on cooperation, and examination of proposed laws to encourage cooperation.

Yearbook Separate 658, *The Cooperative Purchase of Farm Supplies* (C. E. Bassett), was issued during the year. Organization of a federation of the leading fruit shipping associations and individual shippers of Washington, Oregon, Idaho, and Montana also was listed high among accomplishments in 1916. Members of this federation shipped approximately 75 percent of the fruit products of the region.

The staff conducting the project dealing with market business practice developed a uniform system of accounts that was installed by about 350 grain elevators. Moreover, it provided advice on business methods and accounting to elevators in eight States. It also developed a system of accounts for cooperative elevators.

About 50 cooperative fruit associations were reported using accounting records devised by the staff. A complete accounting system for local fruit associations was being prepared, and eight cooperatives in the State of Washington were planning to install it. This system was developed further and by 1917 was adopted by 18 cooperatives in the Pacific Northwest. It included uniform account sales and involved a study of the relative values of the various sizes of apples in the recognized grades which were grouped to reduce clerical labor. Recommendations also were made

in regard to the general pooling methods, the closing of pools, and the treatment of miscellaneous varieties.

A similar system for livestock shipping associations had been developed earlier. The Office of Markets and Rural Organization also developed a uniform system of accounts for some 50 cooperative creameries.

A study was made, in cooperation with Oregon Agricultural College, of conditions surrounding the organization and maintenance of cooperative stores. The results were not encouraging, indicating that "as a general rule, the cooperative store is an unstable business venture." To help improve the business methods of these stores, the Office issued two publications—Department Bulletin 381, *Business Practices and Accounts for Cooperative Stores* (J. A. Bexell and W. H. Kerr), and Department Bulletin 394, *A Survey of Typical Cooperative Stores in the United States* (J. A. Bexell, Hector McPherson, and W. H. Kerr).

Studies of Cooperative Organization and Operation

The staff provided information on organization and operation of farmer mutual insurance companies and completed a preliminary survey of farmers' telephone companies thus reflecting the growing interest of farmers in service cooperatives. They also made a more intensive study of the forms of organization, methods of financing, and types of telephone systems used by mutual companies in four eastern States.

In 1916, the cotton specialists of the Office of Markets and Rural Organization reported continuation of the project dealing with the cooperative marketing and handling of

cotton. This was supplemented by a study of the practice of selling cotton in the seed.

Farmers' Bulletin 718, *Cooperative Live Stock Shipping Associations* (S. W. Doty and L. D. Hall), was prepared under the project on marketing livestock.

A preliminary study was made of a large number of cooperative dairy marketing organizations. The Department reported that "the information obtained indicates that many have been successful in improving their marketing conditions and marketing methods."

During the 1917 fiscal year, the Office continued the work of the cooperative purchasing and marketing project. It published Department Bulletin 547, *Cooperative Purchasing and Marketing Organizations Among Farmers in the United States* (O. B. Jesness and W. H. Kerr).

A draft of a proposed State cooperative law was made in cooperation with the Office of the Solicitor and published in Service and Regulatory Announcements No. 20 with the title, *Suggestions for a State Cooperative Law Designed to Conform to Section 6 of the Clayton Act* (C. J. Brand). It supplied plans for organizing marketing cooperatives and reorganizing existing associations to producers of all kinds of farm products in various parts of the United States.

The Office reported that its uniform system of accounts for country creameries was adopted by 50 creameries in the State of Michigan and numerous requests to install it came from various parts of the country. In commenting on need for this system of accounts, the Department stated that "the general lack of knowledge regarding the keeping of books for a business

which includes manufacturing problems will give this system of accounting a prominent place among the systems devised by this Bureau."

In further recognition of the importance of sound accounting practices to cooperatives, two auditing associations were formed during the year, one in North Dakota and the other in Kansas. The Office of Markets and Rural Organization drew up model bylaws and in both cases helped in their organization. The Auditing Association of Kansas, it was reported, had 225 members and both associations were "formed for the purpose of conducting periodic audits for all business associations holding membership, with object of limiting the annual expense for this service and of securing comparative statistics in similar lines of business operation."

In 1917, too, Yearbook Separate 697, *Farmers' Mutual Fire Insurance* (V. N. Valgren) and Department Bulletin 530, *The Organization and Management of a Farmers' Mutual Fire Insurance Company* (V. N. Valgren) indicated further recognition of importance of service cooperatives to farmers.

Bureau of Markets

The Office of Markets and Rural Organization became the Bureau of Markets on July 1, 1917. Before the end of the 1917 fiscal year, however, the United States had entered World War I. For the next 2 years the Bureau directed its efforts largely to programs required under the emergency.

Emergency activities greatly expanded the work of the Bureau of Markets. It was impossible, therefore, to build the staff to the point where all regular work could con-

tinue. Consequently, assistance to cooperatives was restricted and redirected as were many of the regular projects of the Bureau.

Some work with cooperatives, however, was continued. This included: (1) Assistance on organization problems of cooperatives in 25 States; (2) organization studies of a number of cooperative elevators; (3) a system of accounting for use by organizations formed to deal in farm and household supplies, with 10 organizations making experimental installation of the system; (4) community canneries, a large number being established during the war years, also installing experimentally a system of records the Bureau had developed; and (5) the further study of operation of credit unions among farmers.

The Bureau published the draft of a suggested law as Service and Regulatory Announcement 30, *Suggestions for An Act Providing for Cooperative Credit Associations or Credit Unions* (C. J. Brand).

Field agents of the Department in marketing extended their work to 27 States during the year. The function of each agent was to help coordinate marketing and rural organization activities of the State in which he was located. He aided in cooperative organization work and in marketing various commodities, and did extension work to bring to producers and others results of the work of the Bureau of Markets and the State agencies cooperating.

Under the project, cotton handling and marketing, the Bureau helped organize a farmers' association at Sumter, S.C., through which approximately 15,000 bales of cotton were classed and marketed. It helped organize growers of long staple cotton in Mississippi and assisted growers in 14 counties in

Texas and 2 counties in Oklahoma in forming associations for growing one variety of cotton on a community basis.

In 1918 the Bureau made a study of what is said to be the earliest farmer cooperative trucking association, one located in Harford County, Md. It published the results of this study as *Farmers' Bulletin 1032, Operating a Cooperative Motor Truck Route* (H.S. Yoke). This described the organization and operating plans of the cooperative and made practical suggestions for organizing such organizations.

As an aftermath of the war, work in rural cooperation also was limited in 1919. Studies on rural insurance, telephones, and social and educational activities were transferred at the end of the year to the Office of Farm Management.

Some 90 growers in Mississippi formed a cooperative in 1918, with the assistance of a representative of the Bureau, and availed themselves of the advantages of marketing on the basis of grade and staple.

Studies of the Bureau showed that the number of marketing and purchasing cooperatives increased about 100 percent from 1913 to 1919. A few larger organizations were found but the great majority were comparatively small local associations. Their total volume of business approached \$1 billion. In 1919 and the following year the organization of new marketing and purchasing cooperatives apparently reached an all-time high. A total of 1,614 were reported as organized in 1919 and 1,779 in 1920.

The report of the Bureau of Markets for 1919 indicated something of the extent to which the Bureau had set aside work with cooperatives during the war. It further summarized the general attitude of the

Bureau toward cooperatives and the assistance extended to them:

The cooperative movement in the United States has grown very rapidly in recent years. There are in this country today approximately 15,000 farmers' organizations with a membership of approximately 2 million persons. Almost all of these organizations will be found at local markets, but their extension to terminal and distributing centers in greater numbers appears to be only a matter of time. One of the most important and difficult problems which we have to solve is how to assist cooperative agencies to educate the business men of the country so that they will concede the right of the farmer to enter the marketing field. Many successful business men are engaged in a number of enterprises, few confining themselves to one field of endeavor, and there appears to be no valid reason why the farmer should be denied the same privilege which they enjoy.

The Bureau of Markets makes general investigations concerning the status and progress of cooperation in the United States and gives, through its experts, advice and assistance to specific groups of producers who request help in organizing and operating cooperative associations. It does not engage in general propaganda calculated to induce the formulation of such associations, but, when it is apparent that cooperative effort is needed to overcome abuse, remedy inefficiency, or supply a recognized need, it suggests to producers the advisability of considering the formation of a cooperative organization, shows them how such organizations are formed and conducted, and explains to them the principles that must be observed in order to be successful.

The 15,000 farmer organizations mentioned in this report apparently included only marketing and purchasing cooperatives. More complete tallies later showed that the number was exaggerated. Many organizations reported were out of business, some had never operated, and others were found, on closer examination, not to be cooperatives.

A new aspect of the Bureau's work on cooperative problems was

a study of cooperative marketing of grain in Western Canada. It was anticipated that findings would have application to grain cooperatives in the United States. The Bureau also prepared a suggested set of bylaws for cooperative grain elevator companies. It also prepared material for short courses for bookkeepers and managers of marketing agencies, and 195 students were reported as having enrolled in the courses.

Cooperation with States in marketing work increased. The Bureau during the year cooperated with 31 States, the largest number included up to that time. The information at hand showed its field agents assisted producers to form 183 marketing organizations and 19 federations of existing organizations.

One of the most widely used bulletins on farmer cooperatives issued by the Department appeared in the fall of 1920. This was Farmer's Bulletin No. 1144, *Cooperative Marketing* (O. B. Jesness), a popular account of the progress and problems of marketing cooperatives. Some 424,000 copies of this publication were printed and distributed.

Bureau of Markets and Crop Estimates

On July 1, 1921, the Bureau of Markets was consolidated with the Bureau of Crop Estimates and became known as the Bureau of Markets and Crop Estimates with H. C. Taylor as Chief. At that time, too, the Division of Cooperative Relations was established under the direction of L. S. Tenney as Assistant Chief of the Bureau, and made up of two subdivisions: (1) Research Studies Relating to Cooperative

Purchasing and Marketing, and (2) Cooperation with the States in Marketing Work.

Research in cooperative problems became the main objective of the staff. R. H. Elsworth and George O. Gatlin, originally employed to supervise the work of the State agents in marketing, had already shifted to work with cooperatives. Mr. Elsworth undertook a nationwide survey of farmer cooperatives, the beginning of the annual survey still conducted. Mr. Gatlin's interest was mainly in cotton and tobacco, and he subsequently became the author of a bulletin on the cooperative marketing of cotton. A. W. McKay studied the cooperative marketing of Vermont maple-sap products. The Vermont experiment station published the findings.

In a study of marketing Corn Belt livestock, data were obtained from 219 organizations that shipped livestock on a cooperative basis as well as from 37 local buyers and 27 producers who shipped their own stock independently. The cooperative agencies which contributed information shipped more than \$22 million worth of livestock during 1921.

The Bureau of Markets and Crop Estimates reported cooperation with the States in marketing work for the last time in 1922. The Office of Farmers' Cooperative Extension Work—now Federal Extension Service—succeeded the States Relations Service and took over responsibility for this work the following year.

The Bureau cooperated with 33 States in the conduct of marketing work during that year. It carried on research dealing with costs of marketing, methods of marketing, and cooperative marketing in co-



Early metal tanks for transporting milk by motor trucks and trailers. One of the 1922 USDA studies concerned operations and organization of milk marketing cooperatives.

operation with State agencies and with other divisions of the Bureau. It also studied local marketing problems in a number of States.

The Office of Farm Management and Farm Economics reported for the same year on the work in rural cooperation transferred to the Office earlier from the Bureau of Markets. The Office completed a study of cooperative short-time credit through local credit associations and published it as Department Circular 197, *The Credit Association as an Agency for Rural Short-Time Credit* (V. N. Valgren and E. E. Engelbert). It assisted a number of local farmer mutual insurance companies in reorganizing and improving their method of business.

In 1922 the staff completed a study of operation and form of organization of 15 producers' cooperative milk-marketing associations and results were later published as Department Bulletin 1095, *Pro-*

ducers Cooperative Milk-Distributing Plants (O. B. Jesness, W. H. Barber, and A. V. Swarthout).

The Cotton Division reported that it had studied the operations of the Oklahoma Cotton Growers' Association during the whole of its first season. It also reported that during the preceding year, 30 communities had formed organizations for marketing their cotton. Over 110,000 bales were classed.

As a result of the spreading agricultural depression, a joint Committee on Agricultural Inquiry, made up of members of the House and Senate, held extensive hearings during 1921, and made a report of its findings early in 1922. Out of this inquiry came an Act providing for a representative of agriculture on the Federal Reserve Board. The Capper-Volstead Act, the Grain Futures Act, and other legislation designed to assist agriculture grew out of the inquiry of the joint committee.

Enactment of the Capper-Volstead Act was a development of significant importance to cooperatives. It was signed into law by the President on February 18, 1922, and supplemented the Clayton Amendment to the Anti-Trust Act by specifically permitting farmers to act together in associations without danger of prosecution under anti-trust statutes.

A statement concerning the Act was prepared by L. S. Hulbert of the staff for the information of those who might be interested in the scope of the legislation. Several thousand associations, at the request of their officers, received copies of the statement. The Act frequently has been called the bill of rights for farmer cooperatives.

Its adoption was urged by all co-operative leaders. It does not provide for Federal incorporation, but defines explicitly the conditions an association must meet to be considered cooperative.

The post-World War I period and the ensuing depression profoundly affected the future of co-operatives. Many longstanding cooperatives went out of business for a variety of reasons, high inventories and uncollectible accounts being prominent among them. In addition, almost 1,800 associations reported 1920 as the year of organization, but many of these never operated. In fact, information assembled by the Department showed that 400 or more cooperatives discontinued operations each year over



President Harding signing the Capper-Volstead Cooperative Marketing Law, February 18, 1922, witnessed by authors of the bill and representatives of Farmers' Union, American Farm Bureau, the Grange, and National Board of Farm Organizations.

a period of 14 years from 1922 to 1935. Not all of these by any means were failures.

This period, and earlier, witnessed the organization of the first regional purchasing cooperatives. Eastern States Farmers' Exchange, Springfield, Mass., was incorporated in 1918, the Cooperative Grange League Federation (G.L.F.) Exchange, Ithaca, N.Y., in 1920, and Missouri Farmers Association, Columbia, in 1917.

Several associations affiliated with general farm organizations also had their beginnings before 1922. These included Farmers Un-

ion State Exchange, Omaha, Nebr., in 1914; Indiana Farm Bureau Cooperative Association, Inc., in 1920; and Michigan Farm Bureau Supply Service in 1919.

The American Farm Bureau Federation, the most recent of the general farm organizations to be set up, came into existence in 1919. The Federation began with the avowed purpose of extending "co-operative marketing of farm crops to that point in the distribution system where the maximum benefits are secured from the producer and consumer." It has sponsored a large number of cooperatives.

Bureau of Agricultural Economics (1922-1929)

THE Bureau of Agricultural Economics (BAE) came into being on July 1, 1922, as a result of consolidating the Bureau of Markets and Crop Estimates and the Office of Farm Management and Farm Economics. For the next 7 years, research and advisory services for farmer cooperatives centered in this Bureau.

For the first time, direct assistance to farmer cooperatives gained division status as the Division of Agricultural Cooperation. It continued as such until 1926 when, as a result of the passage of the Cooperative Marketing Act, it became known as the Division of Cooperative Marketing. The Division remained in existence for another 3 years when work with cooperatives was taken over by the Federal Farm Board. The work of these two Divisions is now examined in detail.

The Division of Agricultural Cooperation

Work with cooperatives was con-

tinued and expanded in the Division of Agricultural Cooperation. Three main projects or areas of work with their respective leaders were: Economics of cooperation, A. W. McKay; statistics of cooperation, R. H. Elsworth; and legal phases of cooperation, L. S. Hulbert. These three pioneers in cooperative work devoted over 80 years in their professional careers with the Federal Government to helping farmers build improved business organizations.

Publication of Department Bulletin No. 1106, *Legal Phases of Cooperative Associations* (L. S. Hulbert), which appeared in October 1922, was a basic contribution of that year. This bulletin provided the first extensive discussion of legal problems that arose in the organization and operation of cooperatives. It has been revised and extended several times—the last time in 1958 as *Legal Phases of Farmer Cooperatives* (R. J. Mischler), FCS Bulletin 10.



This is a photograph, taken some years ago, of one of the more than 200 orange packinghouses in California, owned and operated by grower-members of the then California Fruit Growers Exchange (now Sunkist Growers). USDA made its first comprehensive study of this Exchange in 1922.

Work undertaken during 1922 included a comprehensive study of the California Fruit Growers Exchange. Two published bulletins resulted from this study. The first, Department Bulletin No. 1237, *Organization and Development of a Cooperative Citrus-Fruit Marketing Agency* (A. W. McKay and W. Mackenzie Stevens), discussed the marketing difficulties that led to organization of the Exchange about 30 years earlier and the economic factors affecting its development. This report has been revised three times—the last time in 1960—and has been widely used to illustrate how a successful cooperative developed and operated.

The second, Department Bulletin No. 1261, *Operating Methods and Expenses of Cooperative Citrus-Fruit Marketing Agencies* (A. W.

McKay and W. Mackenzie Stevens), analyzed operating methods and costs of packing oranges and lemons by the federated local associations.

Somewhat earlier the Department published Bulletin No. 1109, *Sales Methods and Policies of a Growers' National Marketing Agency* (Asher Hobson and J. B. Chaney). It described the economic factors leading to organization of the American Cranberry Exchange, its operations and sales policies.

This bulletin and the two on the California Fruit Growers Exchange for the first time employed case studies of individual organizations to develop the principles and practices of successful cooperatives.

Less detailed surveys were made of other cooperatives, including the Dark Tobacco Association, the Dairymen's League Cooperative As-

sociation, and the New England Milk Producers. At the same time, the staff studied the factors that had caused cooperatives to discontinue operations. When this study was completed in 1924, records of approximately 1,050 such organizations had been obtained. Not more than 20 percent of the total number involved a loss to creditors and could be classed as failures in the accepted sense of that term.

The Division staff began studies of cooperation abroad. A year later, it published Department Bulletin No. 1266, *Agricultural Cooperation in Denmark* (Chris L. Christensen). It described and analyzed cooperatives in Denmark and their influence on that country's agriculture.

The Division staff extended help in organizing cooperatives in several States by personal field consultations, by correspondence, or by conferences in Washington. For example, two members met with the board of directors of Minnesota Cooperative Creameries, Inc., Minneapolis (later Land O'Lakes Creameries, Inc.), and made suggestions, based on a study of the association's problems regarding reorganization and marketing.

In January 1923, the Division began the publication semimonthly of a mimeographed circular with the title, *Agricultural Cooperation*. This publication, which had a mailing distribution of 3,000 by 1925, continued until 1929. It contained information on the activities of farmer cooperatives, with occasional brief articles on current research by members of the staff. L. S. Hulbert first prepared his summary of cases and decisions affecting cooperatives for this circular.

New research work in the Division in fiscal 1924 included a study of the organization problems and

marketing practices of fruit and vegetable associations in the United States. In the course of this study, the staff analyzed data collected from 1,232 cooperatives marketing fruits and vegetables.

The Division began a study of the organization and operation of cooperative grain elevators in North Dakota in cooperation with the State agricultural experiment station. It also studied some 200 elevators, a portion of them known to be operating successfully and a portion in financial difficulties.

At the request of several growers, a survey was made in cooperation with the North Carolina Bureau of Markets and Agricultural College, on methods of handling strawberries locally and marketing methods of local and terminal markets. Recommendations evaluating the possibilities of organizing discouraged formation of a cooperative at that time.

On request the Division made a detailed study of membership problems of large centralized cooperative associations marketing tobacco. The Kentucky Experiment Station cooperated in this study. The hope was expressed that it would lead to a more complete understanding of these problems and that it would form the basis for a practical membership program by cooperatives.

During fiscal 1924, the Division prepared a summary of agricultural cooperation in the United States, Department Bulletin No. 1302, *Development and Present Status of Farmers' Cooperative Business Organizations*. Another publication of the year was a bibliography of cooperative purchasing, marketing, and credit, Miscellaneous Circular No. 11, *Agricultural Cooperation: A Selected and Annotated Reading List* (Chastina Gardner).

From time to time, other Divisions of the Bureau—notably the Division of Dairy and Poultry Products and the Division of Fruits and Vegetables—conducted work that supplemented the specific studies of cooperatives.

In June 1924, Chris L. Christensen was placed in charge of the Division of Agricultural Cooperation. The Division began a study of management and operating costs of cooperative cotton gins during the year in cooperation with the agricultural colleges of North Carolina and Texas. The Division conducted a survey of cooperatives in California in cooperation with the University of California. It also made a general study of the cooperative marketing of cotton.

The study of cooperative elevators in North Dakota expanded to include Minnesota to develop the factors that affected the efficient management of farmers' elevators in the spring-wheat region. Department Bulletin No. 1414, *Management Problems of Cooperative Associations Marketing Fruits and Vegetables* (A. W. McKay and W. J. Kuhrt), was completed.

The Division received reports from more than 10,500 active associations and on the basis of the information obtained, it issued preliminary mimeographed reports summarizing these statistics of cooperation.

The work on accounts and business practices became immediately popular. The demand for such service, it was reported, was greater than could be met in the immediate future. A Division study of the Western New York Fruit Growers Packing Association, presented a comprehensive report to the board of directors, and made a summary available to each member. The as-

sociation directors adopted the major suggestions made.

Service and educational activities of the Division were increasing. It studied the possibility of marketing Mississippi truck crops cooperatively. The report made to a committee of growers and businessmen in the area did not favor organization at that time.

In 1925, the Division released two of the first motion pictures dealing with farmer cooperatives. These were *Cooperative Marketing—Cotton* and *Cooperative Marketing—Tobacco*.

Members of the staff also participated in a number of meetings with farmers and extension agents. At such meetings problems of cooperatives and the limitations and possibilities of cooperation were discussed. The responsibility of the member toward his cooperative was emphasized. It was reported that an important feature of the service work of the Division was to bring to the attention of associations the information and services available in other divisions of the Bureau.

Another feature of work during 1925 was that members of the staff conferred with income-tax officials through the year and formulated statements to help clear up misunderstandings regarding the payment of Federal income tax.

In 1925, the last year that H. C. Taylor was Chief of the Bureau of Agricultural Economics, he reported as follows on work with farmer cooperatives:

Through close contacts with active organizations, information has been obtained concerning methods of operation and the results of various experiences which makes it possible for bureau workers to advise groups of farmers as to the probable difficulties to be met and what methods have been most successfully used in meeting them.

During 1926 the Division completed and published Department Bulletin No. 1392, *Cooperative Marketing of Cotton* (G. O. Gatlin), a study of the conditions in the marketing of cotton leading to the organization of the influential cotton marketing associations. The staff also made studies of the operating costs and practices of cotton gins in Texas and Oklahoma and in North Carolina in cooperation with the Agricultural College in the latter State.

The Division continued the study of operations in cooperative elevators in North Dakota and Minnesota, obtaining data regarding hedging operations and storage practices. The study showed that variations in protein content of wheat produced in the same community were sufficient to make an average unreliable as a guide to market value.

The Division also undertook a study of the organization, operating methods, and problems of coopera-

tive livestock associations, including both the local shipping associations and the terminal cooperative commission firms. Special problems in livestock marketing had resulted from development of direct shipment and sale to packers and consolidation of local shipping associations into county or regional cooperatives. Results of this study were later published as Technical Bulletin No. 57, *Cooperative Marketing of Livestock in the United States by Terminal Associations* (C. G. Randell).

Work in cooperative business analysis during the year included a report to the board of directors of the Staple Cotton Cooperative Association, Greenwood, Miss. This report later appeared as Department Circular No. 397, *Farmers' Cooperative Business Study, The Staple Cooperative Association* (A. V. Swarthout).

An extended study of the joint marketing relations of two large California cooperatives marketing



In this picture, taken about 1926, are members of the Division of Agricultural Cooperation Staff. In the front row, from left, are: R. H. Elsworth, Jack Booth, Kelsey B. Gardner, B. B. Derrick, Chris Christensen, Andrew W. McKay, H. M. Bain, Hutzel Metzger, and Leon Morales. In the second row, from left, are a staff messenger, John Lister, John Scanlan, George Gatlin, C. G. Randell, L. S. Hulbert, J. W. Jones, H. F. Buchanan, and A. V. Swarthout.

citrus and deciduous fruit resulted in a report to the directors in 1926 and publication of Department Circular No. 10, *Joint Use of a Sales Organization by Two Cooperative Associations* (Kelsey B. Gardner).

BAE's report for 1926 included the following remarks regarding the purpose of studies of individual associations:

The object in conducting analysis of the business of individual associations is primarily to accumulate a sufficient number of cases to set up operating ratios and standards for cooperatives handling various commodities, and to study by a case system the economics of cooperative marketing. The development of methods that will enable the cooperatives to study their own problems is also a valuable service.

During 1926, members of the Division staff took part in a number of cooperative schools held at agricultural colleges in several States. Lasting 2 or 3 days, these schools were designed to improve membership understanding and business management. Those who attended were chiefly members, directors, and managers of cooperatives. Extension officials and agricultural economists at the colleges actively participated. The staff completed a third motion picture, *Cooperative Marketing of Eggs*. The Division also announced publication of Farmers' Bulletin 1502, *Cooperative Livestock Shipping Associations*.

During this 4-year period, 1922 to 1926, the Division of Agricultural Cooperation made substantial progress. It began systematic economic research on problems of cooperatives. It collected annually for the first time figures on the number, membership, and volume of business of marketing and purchasing cooperatives. It began the first studies of membership prob-

lems, and case studies and analysis of cooperative organization and operation pointed the way toward improved business practices.

The number of cooperatives reporting to the Division for fiscal year 1925 was 10,803, practically twice those reported in 1915. Total membership was estimated at 2.7 million and volume of business at \$2.4 billion, an increase of approximately 280 percent above the 1915 figure.

Information obtained by the Division, however, indicated that the cotton, wheat, and tobacco cooperatives formed in the early 1920's were losing volume. Six of 15 wheat pools organized between 1921 and 1924 were out of business by 1925. Fifteen cotton associations received almost 1.5 million bales, or 9.1 percent, of the 1925 crop. Two years later, 14 associations received some 823,000 bales of cotton, or 6.4 percent of the crop.

The growth of livestock cooperatives in the terminal markets gave rise to optimism among leading producers. In 1925, Division studies showed that 26 such associations sold over 11 million animals in these markets. In 1920 they had handled less than 755,000 and in 1917, when the first of these associations came into existence, less than 100,000.

On the subject of livestock marketing, the Federal Trade Commission reported: "The success of cooperative shipping to terminal markets, the questionable practices on the part of private commission firms, and what appeared to be unduly high commission charges, encouraged livestock producers to carry the cooperative principle a step further and to set up in these markets their own commission associations to sell to packers and order buyers."

Some indication of cooperative growth is shown by a statement in the 1928 report of the Division:

Among the active organizations in 1925 were about 200 which rank as large-scale associations. All of these served the producers of large areas and most of the associations performed more of the marketing functions than are generally attempted by local associations serving the producers of only a single community or shipping point. About 50 of these large organizations were federations of local units.

Formation of two national cooperative organizations during this period had an important bearing on the future strength and stability of farmer cooperatives.

One was the National Council of Farmers' Cooperative Marketing Associations, first formed in 1922, with headquarters in Chicago. It was reorganized in 1929 under the name of the National Cooperative Council, and is now the National Council of Farmer Cooperatives.

The second was the American Institute of Cooperation, established in 1925. It reflected the desire of many cooperative and educational leaders to learn more about the principles and practices of cooperation.

The organization of the Institute had the sympathetic encouragement of Secretary Jardine and H. C. Taylor, but it was set up and has continued to be supported by farmer cooperatives. Since its early days, the Institute and the staff of the Department of Agriculture serving cooperatives have worked together closely in their educational activities.

Formal research and advisory service to farmer cooperatives by the Department of Agriculture up to 1926 had covered a period of 14 years. Marketing and purchasing federations and centralized cooperatives were growing and this growth

brought new problems. Farmers whose farm records were of the simplest found themselves, as directors, responsible for large organizations whose business demanded comprehensive and complex accounting systems. Legal, financial, and marketing questions and problems of member and public relations all added to the heavy responsibilities of many men who were undertaking new and strange duties.

The Division of Cooperative Marketing

Many farm leaders expressed their desire during the 1925-26 fiscal year to have work with cooperatives placed on a permanent basis through a special Act of Congress. In this effort they had the sympathetic and aggressive cooperation of Secretary of Agriculture Jardine.

Several conferences were held with cooperative leaders late in 1925 and in 1926. They resulted in the preparation of a bill which after approval by the President became the Cooperative Marketing Act. By its passage, "helping farmers to help themselves" became national policy.

At hearings on the bill creating a special division to serve cooperatives, held early in 1926, Secretary Jardine presented a letter addressed to him by 33 leaders of cooperatives who were his advisors in drafting the bill. The first and third paragraphs of this letter were:

The undersigned, representing farmers' cooperative marketing organizations, have been called into conference by you to consider ways and means for extending the services of the Department of Agriculture to cooperative marketing. After careful and earnest consideration of many measures and proposals, we are of the opinion that this can best be done

at this time by establishing a division of cooperative marketing in your department and equipping it with the means to give information, counsel and guidance to farmers on cooperative marketing, in harmony with its traditional policy of service without domination. . . .

Such a division wisely administered will be of great service to the cooperative marketing movement and the public welfare. It will be able to render to cooperatives the kind of aid most needed by them without in any way impairing their own initiative and responsibility.

These statements are of interest to students of agricultural cooperation. First, cooperative marketing is emphasized to the exclusion of cooperative purchasing. Although 13 years earlier the Office of Markets boldly established a project on cooperative purchasing and marketing, this law was strictly a Cooperative Marketing Act, and the name of the Division was changed accordingly to the Division of Cooperative Marketing.

The main reason for this change was discussed in conferences of the cooperative group held in the office of the Secretary. A few wanted the name, Division of Agricultural Cooperation, retained. The majority pointed out that antagonism of the competitive trade to farmer marketing cooperatives was subsidizing, while strong prejudice against the more recently developing purchasing associations still continued. By way of compromise the term marketing was broadened in the bill to include "processing, warehousing, manufacturing, storage, *the cooperative purchasing of farm supplies*, credit, financing, insurance, and other cooperative activities."

The interest of the cooperatives in having the Department aid them, "in harmony with its traditional policy without domination," also is noteworthy. This expression stemmed mainly from a bill intro-

duced in Congress a year earlier which provided for auditing and issuing licenses to approved cooperatives. It was not supported by the Department or the cooperatives and was defeated.

The Cooperative Marketing Act enlarged and strengthened the work of the Division with marketing cooperatives. For the first time, work was separated into distinct units. The Division employed additional specialists, including Hutzler Metzger, dairy products; C. G. Randell, livestock and wool; and John J. Scanlan, business methods. The following already were on the staff: J. F. Booth and W. J. Kuhrt, grain; George O. Gatlin, cotton-tobacco; A. W. McKay, fruits and vegetables; J. F. Walker, wool-foreign study; A. V. Swarthout and Kelsey B. Gardner, business methods; L. S. Hulbert and H. M. Bain, legal phases; J. W. Jones, membership relations; B. B. Derrick, education; and R. H. Elsworth, statistics and history. The Division expanded business studies of individual associations and intensified research in membership relations.

On request of prune growers and their cooperatives, the Division completed an economic study of the prune industry of the Pacific Northwest. The New York Food Research Council cooperated in this study.

The Division also undertook research dealing with the cooperative marketing of dairy products, livestock, wool, cotton, and tobacco. For example, it studied the organization structure and operating problems of a group of 12 cooperative cotton gins in northwest Texas and the development of cooperative cotton gins in Georgia as subsidiary

or associated units of the Georgia Cooperative Cotton Growers Association.

The Division continued studies of membership relations problems of centralized marketing cooperatives. These resulted in the publication in 1927 of Department Circular No. 407, *Membership Relations of Cooperative Associations (Cotton and Tobacco)* (J. W. Jones and O. B. Jesness).

Another research project undertaken during the 1927 fiscal year was a study of 41 cooperative petroleum associations that were active in 1925, 39 of them located in Minnesota and 2 in adjacent territory. Results of this study were published in 1929 as Circular No. 80, *Organization and Management Problems of Cooperative Oil Associations in Minnesota* (R. K. Froker and H. Bruce Price).

The Division's report for fiscal 1927 stated that the "phase of the research program dealing with detailed critical studies and analysis of individual cooperative associations is yielding most encouraging results and is commanding great interest among cooperative officials and directors." Several studies of this kind were initiated or continued.

This report mentioned service and advisory activities directly by the Division for the first time. It stated: "In response to requests made personally, by mail, or by wire, by farmers and cooperative associations, the Division is constantly furnishing information and advice with respect to the organization, management, and operation of cooperative associations."

The report of the Division of Cooperative Marketing for fiscal year 1928 noted that more progress in agricultural cooperation had been made during the previous 10 years

than during any period in American agriculture.

Not only had the number of associations, number of members, and volume of business increased rapidly, but the report stated, "There also has been noticeable progress in the improvement of the legal status of cooperatives, in organization set-up, operating technique, and business efficiency. . . . The development of the large-scale marketing and purchasing associations is a significant feature of the cooperative movement in the last decade. There are now several farmers' agricultural cooperatives each of which sells annually farm products valued at \$50 million or more, and more than 100 associations are in the \$1 million group."

The Division also completed a study, made at the request of 25 dairy cooperatives in New England, of the economic factors involved in marketing milk and cream in that region. The study emphasized the need of coordination in the New England milk industry in production, assembling, converting, shipping, and city distribution. It recommended effective cooperative organizations, built upon a firm foundation of ably managed country plants.

The Division completed a study of the terminal livestock commission associations and collected information for a study of the organization, operations, and accomplishments of local livestock shipping associations. The Department released a motion picture on livestock marketing cooperatives and a series of slides on feeder cattle and lamb pools.

Results of a study to acquire information that could be applied to cooperative marketing of wool in the United States, requested by 30

cooperatives marketing wool, appeared in 1929.

The Division's staff made a study of outlets and demand for honey in cooperation with New York State College of Agriculture. One conclusion was that further development of cooperative marketing among beekeepers was necessary to meet the market situation effectively.

Business analysis studies were completed of the Poultry Producers of Central California, San Francisco, and the Producers Live Stock Commission Association at East St. Louis, Ill. The first of these studies included a complete analysis of the New York egg market and of the interdependence of this and other large markets. A suggested program of research was prepared for the National Livestock Producers Association, Chicago, Ill., at the request of its board of directors. During the year, the Division began a study to determine the causes of failure of the Tri-State Tobacco Growers Cooperative Association, Raleigh, N.C. Findings were published in 1929 as Technical Circular No. 100, *Business Analysis of the Tobacco Growers Cooperative Association* (John J. Scanlan and J. M. Tinley).

The Division staff expanded its work in member relations. It cooperated with Ohio State University and Cornell University. It continued studies of four large cooperatives marketing fluid milk. Out of this study came an educational program for members developed to cooperate with extension employees of Ohio State University and officers of two Ohio associations. The Division developed similar educational programs in detail for members of milk marketing associations with headquarters in New York City and Philadelphia.

The Division also made membership relations studies during 1927-28 of livestock shipping associations in Illinois and Missouri; of California Prune and Apricot Growers Association, San Jose; and of Pacific Cooperative Wool Growers Association, Portland, Oreg.

Examples of service assistance provided by the staff were: (1) Preparation and presentation of a plan for federating apple marketing associations in Massachusetts; (2) a survey of marketing conditions and development of a plan of organization that led to the formation of the Mountain States Honey Producers' Association, Boise, Idaho; (3) preparation of contracts and assistance in grades and classification for feeder pools of terminal livestock marketing cooperatives; and (4) preparation, at the request of the associations, of a standard set of bylaws for farmers' elevators.

In fiscal 1928 the Division cooperated in short-term schools of cooperative marketing in eight States. Average attendance at these schools was 150. It also cooperated with the Colorado extension service and the State Board of Vocational Agriculture in a series of 10-day schools, or cooperative marketing conferences, for farm people.

During 1928, the Division issued Technical Bulletin No. 40, *Agricultural Cooperative Associations, Marketing and Purchasing, 1925* (R. H. Elsworth). This bulletin summarized the number, membership, and volume of business of 11,400 active cooperatives of which the Division had records. The number of memberships was approximately 3 million. With allowance for duplications, it was estimated that marketing and purchasing cooperatives were serving more than 2 million farmers.

The report of the Division for the 1929 fiscal year emphasized the increasing demand for assistance of a service nature. It stated: "Many large cooperatives now make it a practice to consult the Division before initiating or modifying any major policies. . . . The trend toward centralization of sales and the federation of several cooperative units also creates demand for assistance in developing organization plans. . . . Approximately 60 percent of the work carried on by the Division at present may be classed as research and it is highly desirable that this ratio should be maintained."

During the year, the Division issued a report on grain marketing cooperatives. This publication proved valuable in providing information on terminal grain marketing and started action leading to the organization of Farmers National Grain Corporation the following year as it brought together for the first time information on all phases of cooperative grain marketing. A study of grain marketing in Canada was of particular interest to grain cooperatives because of failure in the United States to establish cooperative marketing of grain on a national scale. Technical Bulletin No. 63, *Cooperative Marketing of Grain in Western Canada* (J. F. Booth), was issued.

Staff members working with dairy cooperatives studied organization methods and analyzed factors affecting the operations of representative fluid-milk marketing cooperatives. They studied 200 cheese factories in Wisconsin to determine their costs and methods of operation. This study also covered shifts of the cheese industry within the State because of the expansion of the Chicago milkshed and increased

shipment of cream to eastern markets.

Members of the Division staff conferred in Memphis, Tenn., with representatives of the 14 regional cotton cooperatives and the agricultural colleges of the district. The cotton associations requested a comprehensive analysis of the historical development, accomplishments and shortcomings, policies and practices of each cotton cooperative. The following report of action taken appeared in the report of the Division for 1929:

A broad program of research has been undertaken in response to this request, covering (1) a detailed analysis of the policies and functional operations of each association; (2) membership studies for the purpose of analyzing the attitude of members, nonmembers and opinion-making agencies as to services rendered by and expected of the associations; (3) a study of cooperative processing, especially ginning and oil milling as practiced by cotton cooperatives through subsidiary corporations; (4) an analysis of the operations of subsidiary finance corporations engaged in making production loans to members; and (5) an analysis of the experiences of the associations in purchasing production supplies as well as an investigation of the economic opportunity for expansion in this field by cotton cooperatives.

The staff during the year continued and initiated extensive business analysis studies of several cooperatives. It reported that findings of a business analysis of the Rice Growers Association of California, Sacramento, were put into operation for rice producers of Texas and Louisiana through the American Rice Growers Cooperative Association, Lake Charles, La. The Division made a study of the latter association which adopted and put into practice recommendations in marketing the 1928 crop. As one result of the Division's research, the Bureau of Agricultural Economics

established a rough rice grading laboratory and a comprehensive market news service for rough rice.

Other studies of this kind included one of the Hastings Potato Growers Association, Hastings, Fla. The membership phase of this study covered interviews with 10 percent of the members to determine their attitudes toward the cooperative and their opinions regarding its operation and management. A report was made to the association's board of directors. The Division made a similar study of the Washington Shipping Association, Washington, Ind. At the request of its directors and the Utah State Agricultural College, the Division also undertook a complete survey and analysis of the Utah Poultry Producers Cooperative Association, Salt Lake City, Utah.

The Division began three studies of membership relations, two of which it completed during fiscal

year 1929. It reported to the directors of the California Walnut Growers Association, Los Angeles, the results of a study made of its operations. The California Prune and Apricot Growers Association, (now Sunsweet Growers), San Jose, used results of a Division study of its operations in an educational campaign preliminary to reorganization. The Division also cooperated in eight member relations schools in 1929. It prepared articles on request from newspapers, farm papers, and magazines.

The Division of Farm Population and Rural Life in the Bureau of Agricultural Economics had become interested in social factors involved in the cooperative marketing of farm products. The Division of Cooperative Marketing assisted in these projects. A study of social problems in the cooperative marketing of potatoes on the Eastern Shore of Maryland and Virginia



Here is an electric power elevator for potatoes. The Hastings Potato Growers Association, organized in July 1922, was the subject of one of the early membership studies by the Department.



Early scene at the California Prune and Apricot Growers Association (now Sunsweet Growers), San Jose, which used results of a Division of Cooperative Marketing study of its operations in an educational campaign preliminary to reorganization.

showed the need for accurate and adequate information for members. Studies made of the cooperative marketing of cotton in North Carolina and Alabama indicated that where community life and social activities were strong and effective, cooperation in marketing was strong and effective.

The cooperative situation at the end of this period was mixed. Memberships in fiscal 1929 had increased to 3.1 million, up 400,000 from 1925. Volume of business, however, was \$2.5 billion, only \$100 million more than 5 years earlier. There was a wide variation in gains and losses between commodities.

Memberships in the cotton associations were 150,000 in fiscal 1929 compared with 300,000 in 1925, reflecting a heavy membership defection in the regional associations. Their volume of business was down \$40 million. The membership of cooperatives marketing dairy products, on the other hand, was 190,000 more than in 1925, and volume of

business was up \$145 million. Grain cooperatives for the 5-year period showed an increase of 290,000 in their membership but a loss of \$60 million in their volume of business.

The industrial prosperity, which came to an end in the crash of 1929, had not carried over into agriculture. Many plans were developed for stabilizing prices of farm products. The McNary-Haugen bill, providing for disposal abroad of surplus farm products, had been passed by Congress but vetoed by the President. The self-help program of cooperatives appeared the only acceptable alternative.

For that reason the spotlight turned on the work of the Division of Cooperative Marketing more intensely than at any earlier period. The Division's staff held many conferences with farm leaders and received many voluntary suggestions from other sources regarding means of making agricultural cooperation more effective nationally.

The Federal Farm Board and Cooperatives (1929-1933)

THE Division of Cooperative Marketing was transferred by Executive order from the Department of Agriculture to the Federal Farm Board on October 1, 1929. At that time the Board had been in existence a little more than 2 months and several members of the Division staff already were devoting full time to its problems. Chris L. Christensen became Secretary of the Board, A. W. McKay, Chief of the Division, and Hutzel Metzger, Assistant Chief.

Under this Act, the Board had the task of encouraging the organization of farmers into effective cooperatives and of promoting "the establishment and financing" of farmer-owned and -controlled cooperatives. In addition it was assigned responsibility to assist in preventing and controlling surpluses of any agricultural product.

By this time the country had reached the conclusion that more drastic and immediate measures were needed to combat falling prices of agricultural products. The limitations of cooperatives in dealing with adverse economic conditions were evident. For the most part they handled a comparatively small percentage of the main crops and divergent interests of leaders further limited opportunities for presenting a united front in dealing with farm problems.

The decision that the Federal Government should undertake to supplement cooperative efforts to obtain "cost of production" became official policy of the U.S. Department of Agriculture with the passage of the Agricultural Marketing Act creating the Federal Farm Board.

This publication is concerned mainly with the Farm Board's work pertaining to the development of cooperatives in which the Division of Cooperative Marketing played a considerable part. For approximately 4 years the staff of the Division was engaged, for the most part, in service assistance to cooperatives, chiefly those that received loans from the Board.

The 1932 report of the Federal Farm Board outlined the duties of the Division as follows:

The Division of cooperative marketing is responsible for giving advice and assistance to producers in the formation and operation of cooperatives; for the acquisition, analysis and dissemination of information regarding the progress, organization and business methods of cooperative organization; for research in the economic, legal, financial, social, and other phases of cooperation; for promotion of knowledge of cooperative principles and practices; for cooperation in promoting such knowledge with State educational and marketing agencies, cooperative associations, and others.

A report of the Division issued early in 1931 listed 128 projects conducted during the year. This work covered various agricultural areas and the principal commodities marketed in the United States. It also indicated an active program of educational assistance.

Assistance to Commodity Groups

Work of the Board with marketing cooperatives was divided into sections as follows: Cotton, dairy products, fruits and vegetables, grain, livestock and wool, poultry products, and special crops. These sections were also charged with responsibility for investigating and making reports on loan requests and

loan status of associations in their specific areas. In the latter year and a half of the Board's existence the sections had the responsibility for making and presenting loan recommendations directly to the Board.

This structure continued the emphasis on marketing cooperatives that came to the forefront with the establishment of the Division of Cooperative Marketing in 1926. No provision was made for work with either farm supply or service cooperatives. Highlights in the program of each of these sections is now reviewed briefly.

Cotton

Cotton specialists of the Division assisted in developing and organizing the American Cotton Cooperative Association, New Orleans, La. Later this cooperative's headquarters were moved to Memphis, Tenn. This national association was set up to coordinate sales of the State cotton marketing cooperatives, and it handled directly approximately 3 million bales of the 1930 crop. In addition, the Cotton Section helped prepare plans for organizing the Mid-South Cotton Growers Association, Memphis, Tenn., to serve growers in Tennessee, Arkansas, and Missouri.

Projects of the Cotton Section during this period also included assistance in developing operating plans for the Texas Cotton Cooperative Association, Dallas, and the South Carolina Cotton Growers Association, Columbia. Studies of the organization and operation of cooperative cotton gins were made in Texas and Mississippi.

A Division traffic specialist assisted the American Cotton Cooperative Association and the State

associations in storage-in-transit and other traffic problems. This work resulted in an extension of the period during which storage-in-transit privileges were in effect for cooperative cotton and in large savings to the associations.

Dairy Products

The Dairy Section of the Division reported 26 major projects. These included a study of cooperative creameries in Wisconsin to formulate a program for the cooperative marketing of butter produced in that State. As a result several Wisconsin cooperative creameries became affiliated with Land O'Lakes Creameries, Inc., Minneapolis, Minn. A member of the staff interviewed officials of 55 cooperative creameries in Iowa and reported that a majority of them were not favorable to group selling. Assistance with their business problems was given several cooperative creameries in Oklahoma. One of these, The Enid Cooperative



In the early 1930's, the Dairy Section made studies of cooperative creameries. Two of these cooperatives still operate successfully today: Land O'Lakes Creameries, Inc., and Gold Spot Dairy, Inc. (then Enid Cooperative Creamery Association).

Creamery Association (now Gold Spot Dairy, Inc.) still operates successfully.

The Dairy Section made similar studies of milk marketing associations in Louisville, Ky; Chicago, Ill.; Cleveland, Ohio; and other markets. It made a preliminary survey of the possibilities of establishing an association in Denver, Colo., to market fluid milk. The Section also studied milk marketing, and as a result a bargaining association was organized in Jacksonville, Fla.

Fruits and Vegetables

The Fruit and Vegetable Section of the Division reported 29 major projects. For example, it studied apple marketing in producing regions of Pennsylvania, Maryland, West Virginia, and Virginia. This led to the organization of three local associations in Virginia. The Farm Board made loans to all three to enable them to acquire packing and storage facilities. The Section also surveyed nine cooperatives in the Pacific Northwest to determine possibilities for bringing about the federation of these associations for joint sales.

The Section made a study of the organization and business practices of the Florida Citrus Exchange, Tampa, Fla., which resulted in more active participation by its board of directors. A survey of citrus fruit in the Lower Rio Grande Valley of Texas resulted in the organization of a marketing federation.

Other projects of the Fruit and Vegetable Section included a survey of the possibilities of marketing potatoes in the Kaw River Valley of Kansas and assistance in developing plans for the organization of Maine Potato Growers, Inc. This Section

also made surveys of the pecan industry. Moreover, substantial efforts were directed toward setting up regional vegetable marketing organizations in Florida and Utah. A number of these studies led to the organization of national, regional, or local cooperatives.

The Division prepared a letter mailed on January 29, 1931, to each of the 1,125 fruit and vegetable cooperatives of which it had record to determine their interest in forming a cooperative terminal marketing agency.

Replies to these letters expressed sufficient interest to warrant regional conferences with cooperative groups at four points throughout the country. Organization of the National Fruit and Vegetable Exchange followed. The headquarters of the Exchange were first in Chicago, Ill., and were later transferred to New York, N.Y.

Grain

Integration and stabilization of the cooperative grain marketing program on a national basis was one of the big jobs undertaken by the Federal Farm Board. The Board decided to bring about the federation of existing regional grain cooperatives in one national agency, the Farmers National Grain Corporation. The Division was active in developing organization plans for Farmers National and some of its member cooperatives.

Later the Division in cooperation with the Loan Division of the Board, made economic and financial studies of the operation of Farmers National and its stockholders for the information of the Federal Farm Board and the guidance of cooperatives in their operating and

merchandising policies and in membership relations.

The staff also studied grain marketing in Pennsylvania, Maryland, Delaware, Virginia, and West Virginia to determine opportunities in cooperative marketing of grain in these Eastern States.

Projects of the Grain Section included a study of the possibilities of marketing broomcorn cooperatively. The Division also assisted in organizing cooperatives to market beans in the Intermountain States. It gave similar assistance in extension of membership and development of operating policies to bean marketing cooperatives in Michigan, Nebraska, Colorado, New Mexico, Wyoming, Idaho, Utah, and California. Cooperation in marketing beans has continued on a substantial basis.

Livestock and Wool

The Livestock and Wool Section of the Division helped in developing plans for organizing and operating the National Livestock Marketing Association, Chicago, Ill. This federation of regional livestock marketing associations and terminal commission associations never engaged directly in marketing, but performed other services for its members. Prominent among these was a continuing analysis of numbers of livestock offered for sale, livestock prices at all important markets, and price trends. The name of the cooperative later was changed to National Livestock Producers Association.

The Section also helped organize four production credit corporations for livestock producers and feeders and rehabilitate two others organized earlier. The newly organized credit corporations were located at

Fort Worth, Tex.; Denver, Colo.; Oklahoma City, Okla.; and San Francisco, Calif. The two older corporations were at Salt Lake City, Utah, and St. Louis, Mo. (later moved to Chicago, Ill.). These credit corporations continued to make substantial loans to members of the affiliated cooperatives. Total loans completed for this purpose by all six in 1960 were approximately \$111 million.

The Livestock and Wool Section in addition made surveys to determine possibilities of establishing cooperative concentration yards in 24 counties in eastern Iowa, 10 counties in north-central Iowa, 10 counties in north-central South Dakota, and in other districts producing livestock. It helped organize livestock marketing associations in Texas, Iowa, and other States. Livestock commission associations were established at Omaha, Denver, and Philadelphia, and studies were made of the Jersey City, Baltimore, and Lancaster, Pa., markets to determine possibilities for establishing cooperative terminal sales agencies in one or more of them.

In the cooperative marketing of wool, an important forward step was taken in organization of the National Wool Marketing Corporation, Boston, Mass. This cooperative handled approximately one-third of the 1930 clip. The Division gave extensive assistance in organizing the National and also made several studies leading to organization of regional cooperatives—members of the National—in various producing regions. In addition it assisted a number of regionals in membership and operating problems.

Cooperative members of the National Wool Marketing Corporation delivered almost 250 million pounds

of wool and mohair during 1930 and 1931. Marketing mohair posed an especially complicated problem during this period of the depression and the Division made an extensive survey of marketing practices and uses of mohair, including policies of large buyers of mohair fabrics.

Poultry Products

The section concerned with marketing poultry products studied turkey marketing by pools in Inter-mountain and Pacific Coast States. As a result of this study, the North-western Turkey Growers Association, Salt Lake City, Utah, was formed. This association handled 4 million pounds of turkeys during the 1930 season with a saving for its members reported as approximately \$200,000.

Other studies of the section were: (1) Marketing poultry products in Indiana, preparatory to the organization of a State association and (2) poultry marketing in North Carolina, with assistance in the organization in that State of a federation of 32 local associations. The staff also made studies of the organization and operation of poultry associations in Missouri, Kansas, and Oklahoma before the organization of a regional marketing association for the Middle West.

Special Crops

The Division also assisted associations marketing tobacco, rice, sugarcane, sugar beets, honey, and maple syrup. For example, it made surveys of conditions in producing regions of the South and the other areas. In some districts growers were advised not to attempt the organization of a tobacco marketing

cooperative at that time. In a few, where conditions were more favorable, organization campaigns were thought practical.

A study was made in 1930 of the organization and operation of the American Rice Growers Association, Lake Charles, La. The staff also surveyed the membership relations of Arkansas Rice Growers Cooperative Association, Stuttgart, and helped with the organization of the Arkansas Rough Rice Growers Exchange, Stuttgart.

Educational Activities

One of the main educational activities of the Division of Cooperative Marketing during this period under the Federal Farm Board was preparation of lesson outlines for study of the cooperative marketing of various products. The outlines included grain, livestock, wool, cotton, tobacco, and dairy products. The lesson outlines and reference material were prepared by members of the Division's staff in cooperation with the Federal Board for Vocational Education for the use of teachers of vocational agriculture. They were used particularly in night classes for adult farmers and farm boys out of school.

In 1930, arrangements were made whereby a radio talk of an educational nature was made every Friday on the "Farm and Home Hour" of the National Broadcasting Company. A member of the Board or a member of the staff gave these talks of approximately 20 minutes. The Division prepared many of the talks and furnished source material for practically all of them.

Other publications included guides for organizing associations

for marketing fruits and vegetables, grain, and poultry products. These were published as bulletins of the Federal Farm Board. In 1932, the Division prepared Farm Board Bulletin No. 9, *Statistics of Farmers' Selling and Buying Associations—United States 1863-1931* (R. H. Elsworth and staff).

A report of the Federal Farm Board, issued March 22, 1932, showed that the Division at that time had 81 employees, 45 of them with professional status. The following quotation from the report of the Federal Farm Board, issued in 1932, summarizes the philosophy of the Division of Cooperative Marketing and gives some indication of how its work was conducted:

When the Board undertook the administration of the Agricultural Marketing Act only a few cooperative associations had obtained a large volume of business and few conducted their activities over a reasonably large agricultural area. The vast majority were small local associations doing business in one or two communities. In the judgment of the Board the mere promotion of additional numbers of such small associations would not satisfy the requirement that it promote an effective system of cooperative organization.

It was the conclusion of the Board that, for the most effective and economical operation of these cooperatives, they should be encouraged to get together in regional and national organizations for a unified program in marketing products. The division has devoted much attention to assisting various cooperative groups, each handling a particular commodity or closely related commodities, to organize national sales agencies for collective marketing of those commodities. Such agencies have been established for marketing grains, wool and mohair, cotton, dry beans, livestock, and pecans. In dairying, regional associations have been developed and working arrangements established between them.

Much remains to be done in this field and a great amount of work is required

to develop and maintain efficient operating organizations. Never was there greater need than today for organization among agricultural producers which will enable them to engage in merchandising programs that will reflect back to their farmers the actual value of their products to processors and ultimate customers.

The work of the division deals, first, with assistance in the organization of cooperative associations. This includes field surveys for the purpose of ascertaining the possibilities of cooperative marketing in a special area or for a special commodity and the kind and extent of the territory to be covered by the proposed associations. Following the completion of such surveys, the division staff in cooperation with State agencies assists committees of producers in developing their organization plans, gives assistance in the preparation of organization papers, in working out the business set-up of the association, and in the development of plans for financing the operation of the association through commercial banks, intermediate credit banks, or the Federal Farm Board.

The division also, at the request of the cooperative association or at the direction of the Board, studies the organization and management of cooperative associations, whether or not such associations are indebted to the Board, and makes recommendations to the board of directors regarding changes in policies or practices. The division, in addition, carries on research work in connection with the organization of cooperative associations and other special economic problems which affect cooperatives.

The division is also engaged in the dissemination of information regarding the principles and practices of cooperative marketing of farm products, as directed by the Agricultural Marketing Act. In carrying out this phase of its work, the division cooperates closely with State and Federal extension services, teachers of vocational agriculture, and other educational agencies.

Despite the failure of its stabilization operations, services of the Federal Farm Board to cooperatives were impressive and in many respects successful. Many larger



Much of the early policy of the Banks for Cooperatives came out of sessions like the above, showing the Cooperative Bank Commissioner, S. D. Sanders (right), discussing a point with three presidents of Banks for Cooperatives (left to right): A. C. Adams, Spokane; Hugh S. Mackey, Baltimore; and E. A. Stokdyk, Berkeley.

cooperatives were established with the assistance of the Board. While many of these cooperatives went out of business during the depression, in practically all cases the experience their members gained led to the organization of effective successors. The movement toward coordination of marketing cooperatives still continues.

Losses incurred by the Board through loans to cooperatives were relatively minor. The emphasis placed by the Board and staff on sound organization and operation has had a continuing effect. The lending experiences and staff training contributed significantly to the successful setting up of the Banks for Cooperatives in fiscal 1933-34.

Coordination of marketing, emphasized in the preceding quotation, made progress, but 30 years later much remained to be done in this field. A check, however, of 10 cooperatives organized with assistance from the Division of Cooperative Marketing during this period showed that after some 20 years

their total net worth was almost \$10 million and their total volume of business nearly \$190 million. These associations were representative of several others that were organized in the Farm Board period.

The appropriation of the Federal Farm Board was reduced approximately 40 percent for the 1933 fiscal year. This reduction also affected the Division of Cooperative Marketing, which was reorganized and combined with the Economic Division. F. B. Bomberger became chief of the combined divisions.

The lack of a comprehensive research program by the Division during the Farm Board period was a handicap to the staff during its last 2 years of existence. The Farm Board experience illustrated the need of workers in area of cooperation to continually have access to new research methods and techniques if sound practices were to accompany the establishment of basic policies reflecting the changing and dynamic needs of agriculture.

The Farm Credit Administration (1933-1953)

WITH the organization of the Farm Credit Administration (FCA), as an independent agency, May 27, 1933, the staff of the Division of Cooperative Marketing was attached to the newly organized Cooperative Bank Division.

For about a year, however, the status of the group was uncertain. Consideration even was given to decentralizing the research staff with at least one member being attached to each of the district banks. In fact, a number of the staff had been furloughed after the severe reduction in funds at the end of fiscal 1932. Only a few of these men returned and many of the staff voluntarily transferred to other agencies when it appeared emphasis would be mainly on the lending activities of the Cooperative Division. Agency organization and credit problems held the spotlight, and research and advisory service for cooperatives at first was relegated to a minor role.

Research, Service, and Educational Section—Cooperative Bank Division

While Federal work with cooperatives from 1933 to 1939 is discussed under the above heading, history shows the gradual evolution of this agency. In 1937 it became the Cooperative Research, Service, and Education subdivision of the Cooperative Bank Division.

In 1938, the research and educational staff were separated from the Cooperative Bank Division, which then became concerned only with lending activities. For a few months, it was known as the Cooperative Research and Service

Subdivision of the Research Division. Included in the Research Division was economic and credit research designed to aid the credit units and offices of the Farm Credit Administration.

In the initial issue of its monthly magazine, *News for Farmer Cooperatives*, April 1934, F. W. Peck, Cooperative Bank Commissioner, announced plans to intensify the research and service work to aid farmer cooperatives. Henry M. Bain, who had been vice president and general manager of the Central Bank for Cooperatives from its establishment in 1933, was placed in charge of a coordinated section of research, service, and education of the Cooperative (Bank) Division. W. W. Fetrow was appointed chief research economist and later associate chief.

Selected illustrations of work done with farmer cooperatives by various units from 1933 to 1939 is described as follows:

Cotton

In 1934, staff members of the Cotton Unit gathered data from some 100 cooperative cotton gins and made studies of this comparatively new type organization. This was followed in 1935 by FCA Circular C-101, *Early Developments in Cooperative Cotton Marketing* (O. W. Herrmann and Chastina Gardner). In 1936, the staff collected data for the 1934-35 and 1935-36 seasons from 260 cooperative gins, and findings were later published in FCA Bulletin 12, *Analysis of the Business Operations of Cooperative Cotton Gins in Oklahoma 1933-34* (Otis T. Weaver and O. W. Herrmann).

In the way of service and educational work, the staff prepared mimeographed statements comparing each Texas and Oklahoma cooperative gin's financial status and operating expense with another cooperative having about the same volume. In a series of 9 meetings in the 2 States in 1936, results of this study were presented to more than 1,100 board members and managers from 165 associations.

Later the Cotton Unit made an analysis of operating methods and practices of cooperative cottonseed oil mills, the first such study made. This unit also assisted in organizing one of the early cooperative oil mills at Lubbock, Tex. This was a federation of 26 gins formed to crush cottonseed delivered to the mill by member gins. Cooperative gins grew in number from about 170 in 1933 to nearly 500 in 1938.

Later the Cotton Unit initiated two projects that have been carried on almost continuously since that time. They were (1) A comparison of cooperative cottonseed oil mills' financial and operating results with those of the preceding season, and (2) cooperation with the Wichita Bank for Cooperatives and Oklahoma A. and M. College in a 2-week school for managers and bookkeepers of cooperative gins.

Dairy

For several years the Dairy Unit continued a project on utilizing surplus milk in the Northeastern States in cooperation with Cornell University and Pennsylvania State College. Leland Spencer, Cornell University, was in charge of this study.

In cooperation with the Ohio Agricultural Experiment Station, this staff studied the financial organization and membership problems of

cooperative creameries in Iowa and analyzed operating practices and member attitudes in milk marketing cooperatives operating in four Ohio markets. It collected data from 7 cooperatives and 654 dairy farmers. It also collected market records and statistical data on economic and operating problems of cooperative milk bargaining associations, made a survey of fluid milk marketing associations in Iowa, and cooperated in preparing accounting systems for cooperative creameries.

Major projects of the Dairy Unit in 1936 were a study of changes in marketing practices resulting from innovations in types of butter containers and Government regulation of milk markets. It was estimated that in 1936 cooperatives marketed 42 percent of the market milk, 40 percent of the butter, and 30 percent of the cheese produced.

A study of the operation of price pools for milk in the Boston area was begun early in 1937 by the unit in cooperation with the Dairy Section of the Agricultural Adjustment Administration.

Farm Supplies

With the establishment of the Research, Service, and Educational Section in the Farm Credit Administration, the more comprehensive and balanced program of this agency again provided for assistance to farm supply cooperatives. Joseph G. Knapp was brought in from North Carolina State College to take charge of this work.

The first work done in the Farm Supplies Unit was an analysis of operations of a fuel cooperative in Texas. Findings were issued in 1934 as FCA Miscellaneous Report No. 1, *Survey of Problems to be Considered by South Plains Coop-*

erative Fuel Association, Lubbock, Texas (John H. Lister). This was followed by publication of FCA Bulletin No. 1, *Cooperative Purchasing of Farm Supplies* (Joseph G. Knapp and John H. Lister). The number of farm supply associations was reported at 1,906 for 1934—35 and their volume of business at \$187 million. The preparation of this bulletin involved the important decision that author names should be shown. This had not been the practice during the Farm Board period when individual staff members were not given recognition.

In cooperation with the University of Wisconsin, this unit made a study of the organization and operations of farm supply associations in Wisconsin. The resulting publication, FCA Bulletin No. 20, *Farmers' Purchasing Associations in Wisconsin* (Rudolph K. Froker and Joseph G. Knapp), appeared in 1937.

Another project of this group was an analysis in 1938 of the organization, costs, policies, and operations of Indiana Farm Bureau Cooperative Association. The Purchasing staff published similar studies of Illinois Farm Supply Company and its member organizations and the Mississippi Federated Cooperatives (A.A.L.).

The unit also prepared a course of study for managers and directors of purchasing associations, emphasizing "yardsticks for efficiency," control of expenses, control of credit, and business administration.

Cooperating with Oregon State College, the Purchasing group studied feed manufacturing and handling practices of supply associations in Oregon to determine the advisability of a joint program. Later it studied supply operations

of 300 cooperative elevators affiliated with a regional grain cooperative.

In 1937—38, the unit estimated total supply purchases through farmer cooperatives at \$440 million. It noted great improvement in operating facilities. Cooperatives on the Pacific Coast had constructed three large, well-equipped feed manufacturing mills and eastern cooperatives had built two large fertilizer plants.

Fruits and Vegetables

Three research projects on fruit and vegetable cooperatives were initiated in 1936—a business and market analysis and membership relations study of Mutual Orange Distributors, Redlands, Calif.; problems of motor truck transportation in marketing fruits and vegetables; and operation of local fruit and vegetable auctions.

The Fruit and Vegetable Unit also made a study of problems of financing, packing, and marketing western Illinois apples with a view to recording experiences of apple growers in financing and operating their own marketing cooperatives. This work was undertaken jointly with the University of Illinois and a publication on it issued by the Farm Credit Administration.

The staff analyzed marketing policies of the California Prune and Apricot Growers Association, San Jose, the largest packer in California. A series of special reports presented findings of this study. The staff also studied the economic position of terminal auctions in marketing fruit and published FCA Bulletin 29, *Terminal Fruit Auctions as Marketing Agencies for Farmers' Cooperatives* (Kelsey B. Gardner), in 1938.

On request of the St. Paul Bank for Cooperatives, the Fruit and Vegetable Unit studied operating costs, financial structure, and sales policies of three cooperatives canning cherries in Michigan and Wisconsin. It also studied the costs, marketing practices, and comparative efficiency of four northwestern apple marketing associations that handled 30 percent of that area's crop. Findings showed that merchant truckers were disorganizing the market and that direct chain-store buying was increasing.

A study of the membership of the California Fruit Exchange, Sacramento, in 1939 resulted in far-reaching changes in the cooperative's articles of incorporation, bylaws, and marketing agreements.

Grain

Longtime studies of factors influencing costs and efficiency in local cooperative grain elevators showed that these elevators, reduced in number by depression, drought, and other unfavorable conditions, were doing more business than a larger number did in earlier years. The staff analyzed country elevator standards of performance for membership, finance, and operations.

The Grain Unit took its finding to the field in a comprehensive education program. In 1936 it reported holding 29 meetings in Oklahoma, Kansas, and Nebraska to present results of a study of cooperative elevators in those States. Attendance totaled 2,825, chiefly managers and directors of locals.

Insurance

Research, service, and educational work with cooperatives was expanded to include insurance in 1935.

In 1935, for example, the Insurance Unit studied the organization, financial structure, and operations of mutual irrigation companies in California and Utah and published a bulletin on its findings as FCA Bulletin 8, *Mutual Irrigation Companies in California and Utah* (Wells A. Hutchins).

An item in the September 1935 issue of *News for Farmer Cooperatives* reported that the Berkeley Bank for Cooperatives had made the first loan to a mutual water company. Loans to farmer cooperatives engaged in business services had been authorized by 1935 amendments to Agricultural Marketing Act of 1929.

The Insurance group reviewed administrative policy and procedure on insurance of the 12 Federal land banks. It completed one project dealing with problems encountered by farmers' mutual windstorm insurance companies. It reported that fire insurance carried by cooperative companies in 1935 totaled \$11 billion, which represented about 55 percent of all farm property in the United States covered by fire insurance.

Two publications grew out of these projects: FCA Bulletin No. 21, *Farmers' Mutual Windstorm Insurance Companies* (Gordon A. Bubolz) and FCA Bulletin No. 23, *Problems and Trends in Farmers' Mutual Fire Insurance* (V. N. Valgren).

The Insurance group also worked toward standardizing insurance forms and methods of operation among farm mutuals to the end that information on risk classification and reinsurance—two comparatively new concepts in research—was made available.

Livestock and Wool

In 1934 the Livestock Unit analyzed operations of the National Livestock Marketing Association, Chicago, Ill., and its affiliated regional credit corporations. It was influential in preventing liquidation of these credit organizations.

Later this unit helped a committee from National Livestock Marketing Association draft recommendations on the contract system of handling and feeding livestock. A report covering various phases of contract feeding was prepared and used as the basis for recommendations.

An important development in marketing livestock in the 1930's was the rapid expansion of livestock auctions. The livestock and wool staff analyzed operations of livestock auction markets and of 13 fleece wool cooperatives affiliated with National Wool Marketing Corporation, Boston, Mass.

In cooperation with Ohio State University, Purdue University, and University of Kentucky, it studied the operations of Producers Cooperative Commission Association, Cincinnati, Ohio. Findings were published in FCA Bulletin 34, *Cooperative Marketing of Livestock at Cincinnati* (H. H. Hulbert).

A problem holding the attention of the Livestock and Wool Unit was the trend toward decentralization in livestock marketing and adjustments required to enable terminal cooperatives to meet this trend. A study of the terminal cooperative at Cincinnati provided material useful to other livestock cooperatives in meeting their problems.

The Livestock and Wool group also studied livestock marketing methods in Georgia—an indication on increased interest in production

and marketing of livestock in the Southeast. A motion picture film on wool marketing, *From Fleece to Fabric*, and a film strip on cooperative livestock marketing were produced.

The first study in the cooperative refrigerated food locker field was made by L. B. Mann, then of the Livestock and Wool Unit, who later became Chief of the Frozen Food Locker Section of the Cooperative Research and Service Division.

Membership

The Cooperative Research, Service, and Education Section received requests for assistance and studies of many aspects of cooperative membership relations. Staff members participated in several short courses, meetings, and conferences on the subject called by land-grant colleges, cooperatives, and other agencies.

In 1936 it published FCA Bulletin No. 9, *Membership Relations of Cooperative Associations* (J. W. Jones). This was an expansion of a circular issued on that subject 10 years earlier as applied to cotton and tobacco cooperatives.

Poultry and Eggs

The Poultry and Egg Unit was established in 1936. Before that time work in this area was done in the Dairy and Poultry Products Unit. The first work undertaken by this unit was to bring up to date a business analysis begun before transfer of the Division of Cooperative Marketing to the Federal Farm Board, and FCA Bulletin 19, *Business Analysis of the Utah Poultry Producers Cooperative Association* (John J. Scanlan), was published in 1937.



In 1939, the Poultry and Egg Unit of the Cooperative Research and Service Division made a study of the operations of Poultry Producers of Central California, San Francisco (now Nulaid Farmers Association, San Leandro), to determine costs of handling eggs, methods of reducing the costs, and efficiency of operation.

A study of auction marketing associations was published as FCA Bulletin 37, *Cooperative Egg and Poultry Auction Associations* (John J. Scanlan and Roy W. Lenartson), in 1939. This was followed by a study of the operations of Poultry Producers of Central California, San Francisco, to determine costs of handling and methods of reducing such costs and efficiency of operation. The unit also assisted in developing a federated sales agency for New England egg cooperatives.

A study of marketing turkeys in the Southwest was instrumental in the organization of Southwestern Turkey Growers Association, Plainview, Tex., in June 1937.

This unit reported that 25 cooperative auctions selling poultry and eggs were operating at country points in the Northeastern States. Some of them had already made changes in their operating methods as a result of preliminary reports

made by the poultry and egg staff. A detailed study of the auctions was undertaken later.

Statistics

The Statistics Unit assembled yearly information on the status of farmer cooperatives. It reported that the estimated business of farmer cooperatives for the 1933-34 marketing season reflected the low prices of farm commodities and was \$1 billion, about 56 percent of that recorded for 1925-26. Total memberships of marketing and purchasing associations ranged from 3 to 3.2 million during this period, substantially more than 2.7 million estimated for 1925-26.

A nationwide survey of farmer cooperatives, begun in 1937, was conducted jointly by Farm Credit Administration, the district banks for cooperatives, and 33 agricultural colleges. French M. Hyre, in charge of this project, was the sen-

ior author of FCA Bulletin 26, *A Statistical Handbook of Farmers' Cooperatives*, published in 1938. This report on the only "door to door" inventory of farmer cooperatives ever made in the United States still has interest for students of agricultural cooperation. It reported:

More than 15,000 farmer-owned and farmer-controlled cooperative associations and mutual companies are now operating in the United States. Of this number, 10,752 are engaged in marketing farm products, purchasing farm supplies, or performing related services. Nineteen hundred are mutual fire insurance companies, and approximately 2,500 are mutual irrigation companies. On the basis of reported membership and patronage data, it is believed that more than 3 million persons held membership in these organizations and at least half a million more patronize them without accepting the responsibilities of membership.

From further analysis of data collected in this study, 28 supplemental publications were issued, comprising a review of the status of farmer cooperatives in each of 28 States. The authors in most cases were members of the staff of the Information and Extension Division of Farm Credit Administration.

Transportation

In 1936 the staff of the Transportation Unit, among other projects, coordinated a survey of transportation problems of the Indiana Farm Bureau Cooperative Association, Inc., Indianapolis, to determine methods of reducing transportation costs. Later this unit completed several projects on locating plants so as to obtain most favorable freight rates.

Other Developments

There also were a number of developments of section-wide interest during the period 1933 to 1939. For instance, FCA Bulletin No. 3, *Cooperative Market of Agricultural Products* (Ward W. Fetrow), and FCA Bulletin No. 4, *Cooperation in Agriculture* (Chastina Gardner), were published in 1936.

The *News for Farmer Cooperatives*, too, was becoming an increasingly important part of the work of the section. Many articles by members of the staff, FCA officials, and cooperative leaders provided information of value to cooperatives and their farmer members.

In 1938, E. A. Stokdyk, on leave from his position as President of the Berkeley Bank for Cooperatives, was appointed as deputy governor in charge of research. This action coincided with growing interest on the part of many cooperative leaders in strengthening the cooperative research, service, and educational program of the Farm Credit Administration. There was growing interest in making the service of this agency available to all types of cooperatives irrespective of whether they obtained loans from the Farm Credit Administration.

In October 1938, therefore, the program was separated from the Cooperative Bank Division and the cooperative research and service work was set up as a subdivision of the Research Division.

In his position as deputy governor, Mr. Stokdyk placed special emphasis on improving the research program of the Division. He created a project committee to examine various research proposals, stressed desirable methodology, and placed special emphasis on coordinating the various research efforts of the

Farm Credit Administration and on the development of a program that would give more attention to the broad and more fundamental problems of cooperatives.

That cooperatives had made definite advances since 1929 was shown by an article in the *News for Farmer Cooperatives* for January 1939. It stated:

Among the outstanding features of the last 10 years are the increase in local associations for operating cotton gins; the stability of dairy, fruit, and vegetable associations; the decrease in the number of active associations for handling grain and livestock; the more than doubling of the number of associations, membership, and business of the poultry and egg cooperatives. . . .

Farmer purchasing associations have been increasing consistently since the beginning of the century. . . . But more significant . . . is the nature of some of the more recent ventures. Several wholesalers have established themselves at strategic points for serving large areas in which it is expected that many local retail associations will be organized. Wholesalers have federated for erecting plants for mixing, compounding, and manufacturing the supplies needed by the local retail associations in order to serve adequately the needs of their farmer-members.

The Cooperative Research and Service Division (1939-1953)

In January 1939, research and service work for farmer cooperatives was established as the Cooperative Research and Service Division, a name by which it was known for the almost 15 years it was to remain with Farm Credit Administration. With the achieving of Division status, the various units referred to previously became sections. T. G. Stitts was chief of the reorganized Division and W. W. Fetrow, associate chief.

In announcing this change, FCA Governor Hill said:

Cooperative buying and selling among farmers has reached such proportions that the business of their associations constitutes a large part of the business of agriculture. There are now approximately 15,000 rural cooperatives in the country, including mutual water companies. To render such assistance as we can, requires the services of a distinct division of the Farm Credit Administration.

Early in 1939 the Division established a Business Administration Section with Kelsey B. Gardner in charge. About the same time, the Special Crops Section was set up with Henry M. Bain in charge.

The first workshop of the Cooperative Research and Service Division was held in January 1939. Harry Wellman, University of California, discussed research problems and methodology at each session of the 4-day conference. This emphasis on research methods reflected Mr. Stokdyk's influence and thinking. Special attention was given to such topics as project formulation and the importance of qualitative analysis.

During 1939, also, the first 19 E-Circulars of the "You and Your Co-op" series were published. These popular circulars were written from the standpoint of the member or prospective member of a cooperative engaged in one of many cooperative activities. The 1939 report of the Division included the following about the E-Circulars:

They are being used extensively by county agents and vocational agricultural teachers in their programs of educating farmers and young people in the fundamental advantages and problems of cooperative organizations. Many cooperative associations themselves have requested copies for their officers and employees and in some cases purchased additional supplies . . . for general distribution to members and prospects.

It was in 1939, too, that the status of the Farm Credit Administration

shifted from that of an independent agency to become a part of the U.S. Department of Agriculture.

This section considers the work of the Cooperative Research and Service Division under two distinct periods. The first is the war years (1939 to 1945) and the second is the period of postwar progress and problems (1945 to 1953).

War Years

Notwithstanding the shadow of coming events with the beginning of World War II in Europe in 1939, the output of the Division in the latter part of 1939 and in 1940 to a large extent reflected the research and service work that had been initiated previously.

Some indication of the status of research activities with cooperatives at the beginning of this period as carried on by the Division was indicated in the 1939 annual report of the Farm Credit Administration.

The Division issued 9 bulletins, 5 circulars, and 3 miscellaneous reports; and it prepared 21 reports giving the results of special studies for officials of various cooperative associations.

At the end of the year, 45 research projects were in progress. They included 2 relating to business administration, 3 to cotton, 4 to dairy, 12 to fruits and vegetables, 5 to grain, 2 to history and statistics, 4 to insurance, 2 to livestock and wool, 4 to poultry and eggs, 5 to purchasing, and 2 to special crops.

During 1939, members of the Division's staff advised with officials and directors of about 1,000 cooperatives in practically every State. They discussed problems confronting particular groups at approximately 600 meetings attended by 25,000 officials and members of cooperatives. The Division distributed some 92,000 copies of bulletins, 400,000 circulars, and 4,800 other reports during the year.



The Chico (Calif.) Ice and Cold Storage plant pictured here is believed to be the first frozen food locker plant in the United States. In front of the tree is the late Henry A. Eames, generally credited with using the frozen food storage idea in the early 1900's. In 1940, the Division established a Frozen Food Locker Section.

In 1940 the impacts of the war in Europe, however, increasingly became the concern of the staff as cooperatives shifted to the impacts of a wartime economy.

In that year a Frozen Food Locker Section was established in the Division under the direction of S. T. Warrington. Frozen food locker plants were increasing rapidly. A study made by the Division showed some 2,500 in the United States on January 1, 1940, about 1,500 of these formed during 1938 and 1939. Approximately 350 were operated by cooperatives, and 75 percent of the estimated half million lockers in the plants reporting were rented by farmers.

At mid-year the Division's staff was engaged in 41 studies of major problems of farmer cooperatives in addition to service and educational activities. The 1940 report of the Division showed that in all 80 reports of various kinds were issued. Work was in progress on over 50 service projects at the end of the year.

The 1940 report stated further that:

During the year, the work of the staff has required visits to more than 1,500 cooperative associations and conferences with over 7,000 cooperative officials. In addition, members of the staff have discussed questions confronting particular groups at approximately 600 meetings with almost 50,000 in attendance. . . .

A special study initiated in 1941 was the application of Federal income taxes to farmer cooperatives. This project resulted in the publication in 1942 of FCA Bulletin 53, *Application of the Federal Income Tax Statutes to Farmer Cooperatives* (George J. Wass and Daniel G. White). Five years were to elapse before another bulletin was published by the Division.

The necessary shift to defense problems became more pronounced as the year progressed and the major efforts of the Division were directed to analyzing problems in a near war economy. For example:

1. A member of the Business Administration Section was detailed to work with the Office of Agricultural Defense Relations in determining the quantity of burlap required for the manufacture of containers for agricultural commodities and the possibility of shifting to other types of containers.

2. The Cotton Section had an assignment to determine the relative advantages of different methods of crushing soybeans and to plan increases in facilities for the anticipated expansion of the 1942 crop.

3. The Dairy Section was deeply involved in lend-lease problems and, most important of all, in detailed work on tentative plans for lend-lease dairy plant expansions.

4. Members of the Fruit and Vegetable Section served on several committees set up by the Office of Defense Agricultural Relations.

5. Analysis of grain storage problems in the United States was carried on for the Office of Agricultural Defense Relations during the summer and fall of 1941.

6. The Livestock and Wool Section cooperated with the Office of Agricultural Defense Relations in a survey to ascertain the stock of burlap wool bags available for the 1942 clip.

7. The Poultry Section estimated the packaging requirements for poultry products and undertook a survey of the dried egg industry which had undergone a tremendous expansion.

8. Because of shortages and prospective shortages of many essential farm supplies, major farm supply



The Cooperative Research and Service Division Staff—1946.

regionals requested the Division to study their operating status in 1941 to determine their importance in the emergency. This work led to publication of FCA Miscellaneous Report 67, *Handbook on Major Regional Supply Purchasing Cooperatives, 1941 and 1942* (Joseph G. Knapp). This series has been continued on either an annual or a bi-annual basis since that time.

9. A survey by the Special Crops Section showed that rice cooperatives were able to replace exports to Europe, shut off by the war, by increasing exports to Cuba and other countries in the Western Hemisphere.

10. The Transportation Section was concerned with the most economical location of new plants built by cooperatives to accelerate the supply of various manufactured and processed agricultural products for national defense purposes.

In May 1942, T. G. Stitts assumed charge of the Dairy and Poultry Branch of the War Food Administration, and O. W. Herrmann served as acting chief until he entered the Army in November. Harold Hedges was then appointed acting chief and later chief of the Division.

Mr. Hedges served in this capacity until his death in 1953. The emphasis he placed on coordination of effort with other Federal agencies, land-grant colleges, the American Institute of Cooperation, State Councils, and the National Council of Farmer Cooperatives contributed much to the development of a broader base of operations for the Division.

Early in 1942 a Division planning committee was set up. Members of the committee were Joseph G. Knapp, Chairman; Kelsey B. Gardner; Paul E. Quintus; C. G. Randell; and A. W. McKay.

Duties and responsibilities of this committee were essentially advisory and not administrative. They did, however, cover the wide range of problems that confronted the Division during the wartime period and served as an effective coordinating device during this period. Special emphasis was given to:

1. Functioning as an advisory board on all matters where a coordinated opinion relative to Division policies or procedures was desired.

2. Working toward the formulation of long- and short-time pro-

grams, which would provide a proper balance between research, service, and educational activities.

3. Reviewing the general program activities and making recommendations on specific research projects.

4. Promoting desirable liaison procedures for the Division in its work with banks for cooperatives and other parts of the Farm Credit Administration as well as the Department of Agriculture, other Federal and State agencies, and cooperatives.

5. Making recommendations as to reports, conferences, and overall efficiency of the Division.

Special emphasis was given to such matters as development of a weekly newsletter, the Agency's war program, policy procedures, Division morale, agency reports, and official orders of war agencies and related items.

Early in its existence the committee was asked by the Administrator to determine "What should be the balance of the activities of the Division staff between direct work of an industry character and work related directly to cooperative problems?" In its report it stated:

It is the opinion of the Committee that there can be no sharp division between direct war work and assistance to cooperatives at this time. The latter type of service is in itself a direct contribution to the war effort. . . . The Committee, therefore, with full recognition of the need for a flexible program, presents the following suggested blueprint for the activities of the Division during this emergency period:

1. Programs which will aid cooperatives and other grower organizations in helping their producer-members to attain production goals, in making changes in methods of obtaining the production materials, processing, packaging, or distribution necessary to supply the armed forces and to meet lend-lease and essential civilian requirements.

2. Programs to assist cooperatives in adapting their operations to war conditions, including advice with respect to the programs of war agencies and assistance in making adjustments occasioned by emergency regulations and by shortages of labor, materials and transportation facilities.

3. Advisory assistance to war agencies on the functions and activities of cooperatives and how they may be effectively utilized in furthering the war effort.

4. Assistance in cooperative organization and educational work which contributes to more effective handling of farm business and to the conservation and efficient production and distribution of farm products.

5. Participation in programs designed to increase the effectiveness of cooperative performance in the present emergency and in the post-war period. The strengthening and expanding of cooperative organization, continuous improvements in operations, and assistance in appraising economic trends are all necessary in order that the cooperatives may be in a position to make their maximum contribution of American agriculture during and after the war.

To many cooperatives war meant complete reorganization of their operations and frequently of their equipment and facilities.

To illustrate, an article in the *News for Farmer Cooperatives* mentioned implications of the shortage of burlap:

On the Pacific Coast a number of grain groups are switching their operations from sacked grain to bulk grain which involves a new type of storage for that particular area. On the eastern seaboard some of the fertilizer co-ops are turning, in part, to bulk shipments. The wool co-ops are seriously considering the use of cotton gin equipment of bale wool. . . . War means for the co-ops many changes but these changes . . . are . . . in the direction of greater cooperative efficiency.

Senior staff members received a constant flow of letters, telegrams, and telephone calls from cooperative officials requesting explanations of orders and restrictions of war agencies, or assistance in obtaining

needed supplies and equipment. At the same time, the staff had frequent conferences with officials of emergency agencies. About every 2 weeks a mimeographed release was prepared explaining orders or other actions of war agencies of interest to cooperatives.

Recognition of the important contributions of the Cooperative Research and Service Division to the war efforts of cooperatives is indicated by the fact that these organizations took a strong stand in favor of maintaining it in Washington when the Farm Credit Administration moved to Kansas City in 1942.

The necessity for close contact with a large number of Federal agencies coupled with the desirability for close working relationships with national farm organizations was an important factor in the administrative decision to retain the Division in Washington at this time. The planning committee made important contributions in maintaining close liaison relations and coordinated efforts between the Division and the rest of the Farm Credit Administration at this time.

Examples of projects of the Cooperative Research and Service Division during 1942 also show the pressure of emergency activities. One in which it actively participated was to increase greatly the production of shearling pelts needed by aviators for high altitude flying.

The Division was also active in conservation of transportation resources, packaging material, machinery, and manpower. It issued a report giving detailed methods for reducing the number of trucks required to market livestock. More requests than could be met were received from cooperatives to assist in organizing transportation associa-

tions. A report giving such suggestions had wide distribution, and the number of transportation associations increased greatly. A survey of truck transportation of fruits and vegetables by 52 wholesale distributors in Minnesota and Iowa contributed to a 25-percent reduction in mileage.

Farmer cooperatives responded to the demand for dehydrated foods as the necessity to ship large quantities of food overseas became apparent. By the end of 1942, almost 50 percent of dry skim milk production was in cooperative plants. Powdered egg production by cooperatives had increased several hundred percent. Ten cooperative plants were approved to produce dehydrated fruits and vegetables and the Division staff helped obtain priorities for machinery, select dehydrator designs, and train operators. FCA War Circular 1, *Dehydration of Fruits and Vegetables by Farmers' Cooperative Associations* (Harry C. Hensley), was issued during the year.

The Purchasing Section made a study of cooperative manufacture and distribution of feed under war conditions. The Division also surveyed mill capacity for crushing soybeans.

The Division studied duplication of services in hauling milk and cream. It prepared a report on methods used by purchasing associations to conserve farm equipment and helped farm mutual insurance companies intensify safety education among their members to avoid needless losses from fire and accidents.

Not all Division projects had such direct application to wartime programs. The staff believed helping maintain strong, vigorous cooperatives was in itself an indirect contribution to the war effort. It

helped several associations improve their operations by developing more effective statistical controls in their accounting systems.

In 1943, the Division prepared FCA War Circular 11, *Neighborhood Cooperation; a Solution to Shortage Problems* (John J. Scanlan). During World War II many neighborhood cooperatives developed in rural communities and small towns throughout the United States. An example was the growth of community canneries in Georgia. More than 300 community canneries operated in connection with vocational schools included over 50,000 farm families.

Notwithstanding the predominance of emergency problems the Division was thinking ahead. FCA Special Report 127, *Guide for Post-War Development by Cooperatives*, was prepared during the year. It was based on the report of an inter-bureau committee on which members of the Division staff served.

The Division prepared a two-reel motion picture on dehydration and the War Department purchased and used 167 prints of it.

In 1943, the War Food Administrator requested the Division to present a program for expansion of the Frozen Food Locker Industry. A supply of critical materials was set aside for that purpose. Out of 1,383 applications received and reviewed by the section (583 were recommended, including some 50 filled by cooperatives).

The Cooperative Research and Service Division analyzed factors involved in maintaining efficiency of employees in purchasing cooperatives. Studies of adjustments made by cooperatives handling feed and cooperative farm machinery repair service were subjects of War Circulars.

Determination of the right of cooperatives to pay patronage refunds without violating maximum price regulations was carried to favorable conclusion after many conferences with the legal staff of the Office of Price Administration.

Accounting procedures were emphasized by the Division during 1943. Changes in the Internal Revenue Act required tax exempt organizations to file annual information returns. The Division sent three circular letters to marketing and purchasing cooperatives to acquaint them with the nature of the requirements. When the official report form (Form 990) was released, the Division prepared suggested directions for its use. After informal review by tax officials, these were sent to all marketing and purchasing associations.

Three cooperative cottonseed oil mills and 10 soybean mills were organized in 1943, bringing the total of such cooperative plants to 24. The Division made a comparative study of operations of the cooperative cottonseed mills for the 1941-42 season. Data from this study were used by war agencies in determining margins to be granted for crushing cottonseed under Government contracts.

Nine of the 12 War Circulars issued by the Division appeared during 1943. FCA Miscellaneous Report No. 65, *Farmers' Cooperative Discontinuances, 1875 to 1939*, (W. W. Cochrane and R. H. Elsworth) also was published.

The postwar problems of egg and poultry cooperatives in the Northeastern States were studied with special consideration to the changes, modifications, and adjustments associations should make and consider in long-range plans. The Division also assisted several purchasing co-

operatives in developing plans for postwar readjustments. An article in the December 1943 *News for Farmer Cooperatives* described the progress in planning that some supply regionals had made.

The Grain Section, among other projects, analyzed the financial and operating records of all regional grain cooperatives for the 1943-44 season.

A number of events in 1944 were indicative of changes ahead. An organized attack on the tax status of farmer cooperatives was developing. As a result, cooperatives became conscious of the need for improved public relations.

State Cooperative Councils at that time numbered 21. A majority of these were affiliated with the National Council of Farmer Cooperatives. The first study by the Division of this type organization was completed in 1944 and published the next year. Methods of achieving improved coordination of the activities of the Division with those of State Cooperative Councils were discussed by the planning committee early in 1944.

The single commodity or one-service association was beginning to be replaced by the "all purpose" cooperatives as a result of farmers' demands for additional services. An article in the May 1944 issue of *News for Farmer Cooperatives* described this development.

With the introduction of hybrid seed corn, the attention of farmers and their cooperatives to the quality of seed, including cotton planting seed, was intensified. During 1944 and 1945 the Division made several reports on marketing and purchasing seed.

Research and service assistance was devoted over a period of years to the problems of local cooperative



During the war years, the Cooperative Research and Service Division helped cooperatives develop plans for postwar readjustments. The News for Farmer Cooperatives, started in 1934, was an important means of communicating with cooperatives during these years and continues this task to this day.

slaughtering plants. Interest largely grew out of transportation difficulties and the growing importance of frozen-food locker plants. Local cooperative plants for dressing and marketing poultry also were under discussion in several districts.

The following examples of work indicate the kinds of problems coming to the foreground as cooperatives started to think in terms of postwar possibilities.

1. At the request of the National Council of Farmer Cooperatives, the Division prepared a report giving the more important considerations farmer cooperatives should observe to obtain and maintain exemption from Federal income taxation. This was published as FCA Miscellaneous Report 75,

Farmer Cooperatives and the Federal Income Tax Statutes (Kelsey B. Gardner), and more than 15,000 copies were distributed before the end of 1944.

2. The Division studied seven cooperative soybean mills in Iowa to assist them in developing a program for the postwar period. When the project was completed, a conference was held with directors and managers of the associations and officials of the Omaha Bank for Cooperatives to discuss a processing program for the future.

3. An analysis of dairy cooperatives disclosed a trend toward large-scale plants. The published results, FCA Miscellaneous Report 80, *Farmer Cooperatives and the Trend toward Large-Scale Dairy Plants* (Donald E. Hirsch), emphasized the relationship of this trend to the need for consolidating existing cooperatives.

4. The Grain Section of the Division analyzed operations and accomplishments of 20 regional grain cooperatives with results published in 1945 as FCA Special Report 141, *Regional Grain Cooperatives 1943-44* (Harold Hedges).

5. As a guide for producer groups interested in the organization of cooperative meat packing plants, the Division reviewed earlier attempts of farmers to operate such plants cooperatively. Pitfalls to be avoided in a cooperative meat packing enterprise were pointed out in FCA Miscellaneous Report 72, *History of Cooperative and Farmer-Owned Meat-Packing Enterprises in the United States* (L. B. Mann).

6. The Poultry Section studied the current and postwar problems of some 50 egg and poultry marketing cooperatives in the Northeastern States, emphasizing the need for a

central sales organization. Similar studies were made in other producing areas.

7. The Purchasing Section assisted several regional cooperatives in developing postwar plans. It also analyzed the relationship of rural credit unions and supply cooperatives in Indiana and postwar problems and opportunities of cooperatives specializing in procuring feed.

8. Eight regional grain marketing and supply cooperatives requested the Division to determine the most advantageous locations for joint grain storage facilities from the standpoint of economical and dependable transportation. A preliminary report on this study was issued early in 1945.

Beginning in 1945, a series of "clinics" began, sponsored by the American Institute of Cooperation, American Institute of Accountants, and the Cooperative Research and Service Division of the Farm Credit Administration. Sponsors were represented by a panel consisting of Raymond W. Miller, Walter L. Bradley, and Kelsey B. Gardner. From time to time sponsors of individual meetings also included State cooperative councils, regional cooperatives, or the National Society of Accountants for Cooperatives.

Over the next 2½ years, some 75 of these clinics were held with a total attendance of around 10,000. Attendance consisted primarily of managers and other top employees of cooperatives, together with directors, attorneys, and auditors of cooperatives. Land-grant colleges were also represented at these meetings.

The clinics dealt primarily with the following: (1) Public relations of cooperatives with particular em-

phasis on the problem as it related to lack of understanding of the nature of farmer cooperatives and their status under Federal income tax statutes; (2) income tax considerations; (3) membership relations; and (4) cooperative terminology.

The clinics were an important factor in improving cooperative understanding of the economic nature of this form of organization and the public relations problem of cooperatives. They also brought about a recognition of the need for continuing clinics or workshops for further training of employees and directors. Largely as a result of the impetus afforded by these clinics, numerous State cooperative councils, Farm Credit districts, and regional cooperatives have actively sponsored continuing series of workshops, clinics, and short courses, largely on an annual basis.

Early in 1945 it was evident that peace was near and it was realized that to be of maximum assistance to cooperatives the Division should adjust its program accordingly.

In 1945 the Division realized the needs of cooperatives engaged in constructing or modernizing plants for processing and handling various commodities. Under a cooperative arrangement with another agency of the Department, an agricultural engineer was assigned to the Division on a cost-sharing basis. With his help, designs of modern plants of various sizes and types were prepared for use of cooperatives processing and distributing

fruit, vegetable, livestock, dairy, and poultry products and purchasing farm supplies.

In cooperation with the University of Florida, the Division began a study of the effect of integrated operations on efficiency and costs of 41 Florida citrus cooperatives engaged in packing or processing citrus fruit, or providing both services. It also issued a report on the freezing of fruits and vegetables by cooperatives and completed an analysis of the investment, operating costs, and income of 25 cooperative food locker associations in Illinois operating a total of 67 plants.

The Livestock Section gave attention to requests for advice and assistance from many groups of producers interested in constructing or purchasing meat packing plants. The Shen-Valley Meat Packers, Inc., Timberville, Va., was organized after revision of the organization papers had been made at the suggestion of representatives of the Division. Several unwise investments by other groups were prevented.

The Division assisted in organizing poultry dressing plants, and



In the mid-1940's, the Livestock Section of the Cooperative Research and Service Division gave attention to requests for advice and assistance from many groups of producers interested in constructing or purchasing meat packing plants. Shen-Valley Meat Packers, Inc., Timberville, Va., was one of these cooperatives.

developing a sales agency for cooperative plants located in Eastern States. It also prepared a report that gave suggestions on the layout of poultry dressing plants.

A new development among some regional purchasing cooperatives was the establishment of their own research departments. In 1945 the Purchasing Section studied this development, and findings were published as FCA Miscellaneous Report 96, *Research Practices and Problems of Farmers Regional Associations* (Martin A. Abrahamson).

Members of the Division staff assisted in organizing the Flue Cured Tobacco Cooperative Stabilization Corporation, set up as an agency of the Government's stabilization program to handle the crop from five States producing flue-cured tobacco.

The Transportation Section of the Division was engaged in some 60 studies, most of them to determine the most economical location, from a transportation standpoint, of proposed plants and other facilities. Requests for such studies came from approximately 50 cooperatives.

Shortages of food and other essential products did not disappear immediately after the war ended and requests for the services of the Cooperative Research and Service Division multiplied as farmer cooperatives became confronted with new conditions and different problems.

Progress and Problems After World War II

With few exceptions cooperatives made the transition from war to a peacetime economy smoothly. Many had grown up, financially and in cooperative know-how, since World

War I. Furthermore, there were exciting developments, either already accomplished or in the offing. New products, new services, and new methods of packaging and merchandising were coming to the forefront.

The report of the Division at the end of 1946 mentioned, among new services offered by cooperatives, hospitals in rural communities and organization of the first cooperative formed to distribute propane gas to 7,000 Iowa farmer members of 19 local cooperatives.

A Florida cooperative began the commercial packaging of vegetables at shipping point for retail distribution to consumers. Florida Citrus Cannery Cooperative, Lake Wales, also had undertaken the distribution of citrus juice in the form of frozen concentrate.

World trade promised a potential outlet for some cooperative products. Cooperative lubricating oil has been shipped to Australia and other countries by the Consumers Cooperative Association, Kansas City, Mo. Sunkist oranges marketed by Sunkist Growers, Inc., Los Angeles, Calif., were appearing in world markets. The American Cranberry Exchange, New Bedford, Mass., shipped 850 boxes of Eatmor cranberries to England for the holiday season, the first shipment since 1938, and Idaho Potato Growers, Inc., Idaho Falls, sold a million pounds of dehydrated potatoes to the Indian Government. Beginning in 1946, the Division was able to resume work on a number of research studies, although problems of postwar adjustment called for much work of a service nature.

With passage of the Agricultural Marketing Act of 1946, additional funds were available for research

studies. It was agreed that because of its long experience in marketing research and the close contacts of the staff with cooperatives, the Division would conduct marketing and utilization research, under the Act, but that the studies should result in findings useful to both cooperative and other types of businesses.

An article in the January *News for Farmer Cooperatives* gave a brief description of each of the projects assigned under AMA. According to this article:

So far, 13 projects dealing with transportation, marketing of farm products, or procurement of farm supplies by cooperatives have been assigned to the Farm Credit Administration. The Cooperative Research and Service Division of FCA has sole responsibility for five of these projects. Three others are to be conducted in cooperation with other agencies of the Department of Agriculture. Five are regional projects which will be carried on by State experiment stations and the Division.

The five AMA projects for which the Cooperative Research and Service Division was assigned sole responsibility in 1947 had the following titles:

1. Processing farm products by cooperatives.

2. Merchandising horticultural products processed by cooperatives.

3. Study of transportation economies to be realized from coordinating the shipping activities of farmer cooperatives and other handlers of farm products in given areas.

4. Analysis of cooperative grain dealer margins and costs.

5. Introduction of meat-type hogs and improved swine carcasses for commercial distribution.

Six months later, the Michigan and Ohio experiment stations were cooperating with the Division on

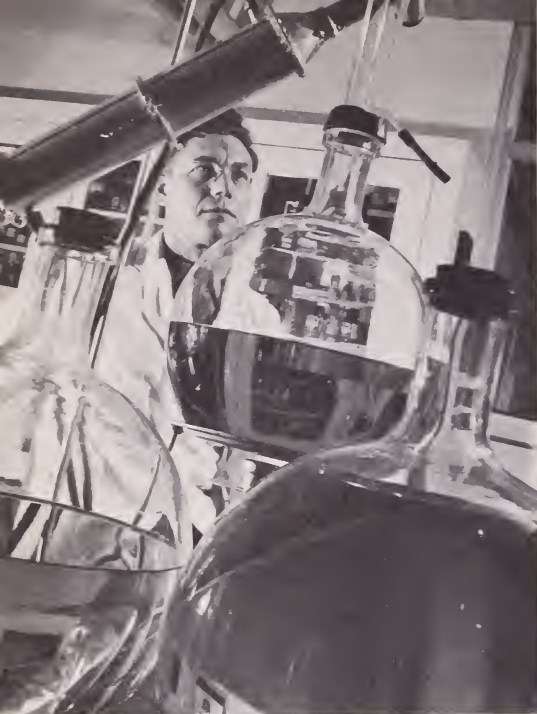
project 5. A study on the costs of manufacturing and distributing mixed feeds at wholesale and retail levels was developed with cost data obtained from cooperative mills. FCA Miscellaneous Report 111, *Marketing Colorado Boxed Peaches in the Twin Cities* (John H. Heckman), was the first report on an AMA project issued by any agency.

A summary of selected examples reported under both regular and AMA funds by sections for 1946-1953 follows:

1. **Business Administration.**—The Business Administration Section put much emphasis on cooperative financing, accounting, credit control, and costs. In 1949, it completed a publication on accounting for cooperatives and made its first estimate of farmers' equities in marketing and purchasing associations. Exclusive of intercooperative investments, this estimate was \$744 million in marketing cooperatives and \$372 million in purchasing cooperatives.

It studied methods associations were using to select directors, and surveyed 240 associations to find out what methods management thought most effective in keeping members informed. Results were published in FCA Circular C-140, *Patrons Appraise Cooperative Relations* (Oscar R. LeBeau and John H. Heckman).

In 1951, the Business Administration Section brought up to date an earlier analysis of organization, operating policies, and procedures of the California Fruit Growers Exchange (now Sunkist Growers, Inc., Los Angeles). Structure and operations of this early cooperative have continued to interest workers in agricultural cooperation.



Many insecticides and fungicides used in citrus groves have originated in the Sunkist laboratories pictured here. In 1951, the Business Administration Section brought up to date a publication on this cooperative. In 1960, Farmer Cooperative Service published Circular 27, The Sunkist Growers Inc.

2. Cotton and Oilseeds.—The Cotton and Oilseeds Section developed an improved system of accounting for cooperative cotton gins in Arkansas. It made a study of effects of new oilseeds and processing techniques on marketing outlets and returns to growers. Possibilities for establishing a cooperative oilseed mill in the cotton producing area of California also was studied.

The Division staff explored possibilities of integrating cotton ginning and cottonseed oil milling, compressing and marketing into a single continuous operation. From earlier studies, costs of ginning and handling lint cotton and cottonseed indicated that substantial savings could be made by storing seed cot-

ton prior to ginning and integrating the operation of cooperative gins with oil mill operations, compressing, and other services.

A case study of the operations of the Cotton Producers Association, Atlanta, Ga., was conducted jointly by the Cotton and Oilseeds and Purchasing Sections. This was a case study of a diversified cooperative engaged in several activities including the warehousing and marketing of cotton and the purchase of supplies.

The Cotton and Oilseeds Section initiated the annual gathering of information on volume, methods of sale, financial condition, and other data pertinent to organization and operation of cotton marketing cooperatives and compresses.

It continued to participate in annual conferences of directors and managers of cooperative cottonseed oil mills, held at the Southern Regional Research Laboratory, New Orleans, La. It also participated in similar conferences with cooperative oil mill officials, held at Peoria, Ill. Through these conferences officials of the oil mills learned to improve their association's operating efficiency by utilizing research done at the laboratories and by discussing operating problems and experiences.

According to FCA's report for fiscal year 1952, studies that year of some 200 cooperative cotton gins in 7 States indicated that total increases in charges for ginning cotton were about those justified by changes in the price level. Margins on cottonseed and cotton, on the other hand, had increased some 325 percent during the same period, suggesting that gins were depending more and more on cottonseed margins as a source of revenue.

One important project was a study of efficiency of labor utilization by cooperative cotton gins in the South Plains area of Texas. Findings were used in subsequent studies as a basis for analyzing main causes of lost time, volume, and revenue during the peak ginning season.

3. Dairy Products.—The Dairy Section explored possibilities for the consolidation of dairy cooperatives. At Sauk City, Wis., five associations pooled their resources and combined volume of 200,000 pounds of milk a day in order to operate a larger plant.

The Dairy Section initiated a continuing study of operations of cooperatives under Federal milk marketing orders. It also analyzed factors involved in the organization of a proposed milk distributing association to serve southeastern Pennsylvania.

The Section staff analyzed fluid milk pricing plans and methods of use classification. It made a study of the various methods of reducing costs of assembling milk from farms. The Section also cooperated with the Iowa Experiment Station in analyzing methods for determining butter price quotations and improving marketing practices of Iowa cooperative creameries.

In 1948 the Dairy Section initiated a study of functions of cooperatives in developing fluid milk pricing plans and methods of use classification. Objectives of the project included evaluation of cooperative plans to bring about more uniform patterns of milk distribution, analysis of problems involved in formula pricing of fluid milk, and the role of cooperatives in Federal milk regulations.

The Dairy Section reported nine

major service projects completed during 1950–51. One, for example, was an appraisal of financial difficulties of a cooperative distributing milk. A report for distribution to directors and officers was prepared after a survey of the financial situation and operations.

4. Farm Services.—At the request of the directors of the Springfield and Baltimore Farm Credit districts, the Farm Services Section studied the effects of coordination of National farm loan and production credit associations on costs and services to borrowers in each district.

The Section helped officials of the Alabama Farm Bureau to launch a farm mutual fire insurance program for that State.

The Section also studied the various cooperative health plans used by farmers and farmer cooperatives. Results were published in FCA Bulletin 60, *Rural Health Cooperatives* (Helen L. Johnston).

5. Farm Supplies.—Research of the Purchasing Section included information and advice on every phase of cooperative handling of farm supplies such as costs, credit, inventories, and financing needed facilities. A request of the California Farm Bureau illustrates the kind of service work provided by this section. A report analyzed possibilities for establishing a statewide cooperative purchasing association in that State.

Among staff studies was an analysis of the financial reserve policies of various regionals. The Section also completed a report on progress of 11 cooperatives established to repair farm machinery. It set up standards of performance for petroleum deliverymen and sought to



This Laurel, Mont., oil refinery of Farmers Union Central Exchange is an example of economic integration by farmers. A circular issued in 1951 described petroleum operations of farmer cooperatives.

determine methods and costs of fertilizer distribution from cooperative manufacturing plants to local distributing points. It made a study and published a report on operations of Mississippi Federated Cooperatives (A.A.L.), Jackson, and its member associations in 1953.

In analyzing costs in manufacturing and distributing mixed feed at both wholesale and retail, the Purchasing Section found that costs per ton varied widely for manufacturing feed in mills with similar operations. A published report suggested remedial changes.

It studied regionals producing, refining, and distributing petroleum and appraised their major operating problems, pointing out opportunities for further coordination. A report of the study was published in 1951, as FCA Circular C-139, *Petroleum Operations of Farmer Cooperatives* (J. Warren Mather).

Other projects included a study of effects of transportation costs on manufacture and distribution of

fertilizer and a study of costs of selected cooperative feed manufacturers and distributors. Studies were made of possibilities for cooperative purchasing of farm supplies in Tennessee, Oklahoma, and Arkansas.

6. Frozen Food Lockers.—The Frozen Food Locker Section made a comparative analysis of investment, income, expense, and savings of cooperative locker plants in Illinois, Maryland, and Virginia.

It made a study to determine the minimum size of cooperative plant and design of equipment suitable for manufacturing sausage. It also analyzed cost and margin data for each service and department of a multiservice cooperative locker plant to determine charges for the various services and volume required for sound operation.

During the Korean War, as in World War II, this Section was designated the agency in the Department of Agriculture to estimate amounts of materials and supplies

needed for normal operation of the frozen food locker industry under the Controlled Materials Program of the National Production Authority.

The Section's staff also interpreted regulations of the Office of Price Stabilization to the industry and pointed out to OPS officials amendments required to enable locker plants to continue effective operations.

One of the Frozen Food Locker Section's 1950-51 projects was an analysis of 35 cooperatives in Illinois with a total of 95 plants. Results of this project, like those of previous analyses and cost studies,

were used as guides by management of cooperative and other locker plants to improve operating efficiency. Findings were presented to directors and managers of the 35 associations at three regional meetings.

7. Fruit and Vegetables.—In 1946 the Fruit and Vegetable Section reviewed operations of the California Fruit Exchange, Sacramento. This followed its reorganization 5 years earlier after a study by the Division.

In cooperation with the University of California, the staff studied methods and costs of distributing citrus fruit through cooperatives and other channels. A report on



In 1948, the Fruit and Vegetable Section helped test pilot-scale equipment for developing a practical method of handling citrus fruit in bulk from grove to packinghouse. Findings from this study in Florida and California led to adoption of such equipment in citrus producing States.

this study showed handling margins and costs in various methods of marketing.

In 1948 the staff also helped in a project to design, construct, and test pilot-scale equipment for developing a practical method of handling citrus fruit in bulk from grove to packinghouse and analyzed possible savings from commercial use of such equipment. Findings from this study in Florida and California led to substantial adoption of such equipment in citrus producing States. The section also published reports on the cooperative marketing of apples and the operating policies of the California Prune and Apricot Growers Cooperatives (now Sunsweet Growers).

During the 1950-51 season, the Fruit and Vegetable Section studied factors affecting costs in packing California and Arizona citrus. This study showed that packing costs were considerably lower in handling 600,000 or more boxes than when handling smaller quantities. Soon afterward 10 California associations whose volume had been reduced by urban growth united in 5 consolidated cooperatives. Its work in prepackaging identified the problems involved in changing from bulk marketing to consumer-size packaging of cranberries.

The Fruit and Vegetable Section made a study of marketing policies in a large dried fruit cooperative. This one was representative of some 20 others that processed and marketed their members' products.

The Section analyzed operations of an association formed to bargain with processors for its members' vegetables. The report, FCA Bulletin 10, *Marketing Policies of the California Walnut Growers Association* (Harry C. Hensley and Neil

H. Borden), included suggestions for financing a drive for increased membership, expanding services to producers, and improving relations with processors. It also analyzed possibilities of consolidating operations and sales of two California wine marketing federations.

The Fruit and Vegetable Section had 11 research projects in progress during the year. Findings of one, an analysis of food brokers' appraisal of cooperative marketing practices, was published. At that time some two-thirds of fruits and vegetables processed by cooperatives were sold through food brokers. Consequently, it was important to obtain and summarize their opinions of cooperative marketing practices.

Typical of several service projects was a study made to determine the feasibility of a federation of fresh fruit marketing associations operating a processing plant in the Pacific Northwest.

8. Grain.—A Grain Section study of costs and other factors in storing grain on the farm and at local elevators in Oklahoma was published as FCA Bulletin 58, *Where and How Much Cash Grain Storage for Oklahoma Farmers* (Thomas E. Hall, Adlowe L. Larson, Howard S. Whitney, and Charles H. Meyer). Similar studies covered North Dakota and Indiana.

Results of a study of margins and costs of cooperative elevators in Kansas were published in 1951. The study reviewed the operating experience of 48 local elevators during the period 1945-48. The Grain Section also studied the organization of cooperative subterminal and terminal grain marketing in Illinois. As a result, two grain regionals consolidated.

The grain staff held conferences with groups of farmers, extension workers, and officials of the Columbia Bank for Cooperatives at six points in South Carolina and two in Georgia to give advice for forming elevator associations in the Southeastern States. Requirements for organizing and financing elevators and constructing facilities were discussed.

The Grain Section had collected information on location of facilities, costs, and methods of financing needed plants. Problems of elevator versus farm storage also were studied.

9. History and Statistics.—The History and Statistics Branch prepared annual surveys of farmer cooperatives during this period. Data tabulated showed annual statistical series on memberships and total dollar volumes by 12 major commodity groups.

In 1950-51 the annual survey was revised to show information on a functional and commodity basis. For the first time information was assembled for regional, local, bargaining, and service cooperatives. Regional cooperatives, for the first time, provided information on intercooperative business as well as a breakdown on memberships and volumes according to the States in which they operated.

In addition to conducting the annual survey and performing other research work, the Branch maintained case files and source material on all active and discontinued cooperatives of record. In this connection, it acted as a service branch, providing information on specific cooperatives which the commodity and functional branches required for their own research and service work.

10. Livestock and Wool.—The Livestock and Wool Section made a study of organization and operation of Producers Livestock Cooperative Association, Columbus, Ohio. This cooperative, with 34 markets in 3 States, had pioneered in the decentralized method of selling livestock. The study analyzed methods of coordinating sales at country, terminal, and auction markets and also the purchase of feeder animals and sales to nearby and distant packers. Its results appeared in FCA Bulletin 65, *Decentralized Marketing by Producers Livestock Cooperative Association, Columbus, Ohio* (R. L. Fox and C. G. Randell).

Another project was on preparation of wool for market and an analysis of cooperative wool auctions as possible adjuncts to marketing cooperatives.

Overadvances paid by cooperatives marketing wool seriously handicapped some of them in 1951. The Livestock and Wool Section studied the wool future's market to determine possibilities of hedging some risks of this nature. It also analyzed operating procedures in 24 wool marketing associations in an effort to stimulate greater efficiency.

The Section completed its study of advantages to farmers of producing meat-type hogs and methods of determining premiums to be paid for these hogs. It developed a formula for grading live hogs that would be representative of the carcass yield.

The livestock staff helped a cooperative to establish a pilot plant to determine the practicability of utilizing edible byproducts. In cooperation with the Frozen Food Locker Section, it analyzed possi-

bilities of constructing small local slaughter plants and developed floor plans and equipment designs for them.

11. Membership Relations.—In 1946 the Cooperative Research and Service Division reactivated work in Membership Relations and established a section by that name. A. W. McKay was placed in charge. The first studies were directed to the extent and nature of the teaching of farmer cooperation in vocational agricultural schools and factors influencing farmers' support of their cooperatives.

The Section studied current membership relations programs of farmer cooperatives and in 1948 published a report on the membership relations of grain associations.

In 1951, it made a study of extent of member participation in activities of large associations and compared the effectiveness of various methods used to keep members informed.

A service and educational project of this section was initiated to assist agricultural extension workers, officials of State Cooperative Councils, and others in developing policies and programs for educational work with cooperatives and their members.

12. Poultry and Eggs.—The Poultry Section of the Division carried on a continuing study of costs and efficiency in cooperatives handling eggs. Information on 25 cooperative plants located in the Northeast and the North-Central States showed wide variations in costs. It also studied possibilities of a central marketing agency for some 60 egg and poultry cooperatives in the Northeast and presented alternative plans.

The Section studied ways to reduce costs by improving the layout of high-cost plants and simplifying operations. It also formulated price-inducement plans to level the seasonal cycle of egg receipts. Studies made by the staff were used in forming a federation of north-eastern egg and poultry cooperatives. This federation, Northeastern Poultry Cooperative Association, Inc., New York City, began operations in 1953 as a sales and service agency for 23 member cooperatives.

The Section advised turkey marketing associations in Colorado of their need to repair or rebuild their facilities to meet State or Federal sanitary requirements. It also stressed needed changes in articles of incorporation, bylaws, and operating procedures. Directors of each association voted to adopt the suggestions made.

A number of cooperatives in the Midwest requested information needed in broadening their service by handling poultry and eggs as a sideline. The poultry and egg staff also made a study of cooperative hatcheries throughout the United States and helped Arkansas Extension Service and Arkansas Farm Bureau Cooperative Association to organize Arkansas Poultry Cooperative, Inc., Bentonville, to dress and market broilers.

Other projects included an analysis of operating costs in 15 large cooperative poultry dressing plants, a membership study to determine reasons for members' failure to support 4 broiler associations that failed, and possibilities for coordinated marketing program for poultry cooperatives in the North-Central States.

13. Special Crops.—Work of the Special Crops Section related especially to organizational structure, membership, and public relations in the cooperatives' handling of such commodities as tobacco, rice, dry beans, sugar, and honey. For example, it helped dry bean marketing associations to develop a program for marketing their products through a single agency in a given market. Assistance also was furnished the Maryland Tobacco Association, Inc., Upper Marlboro, in its successful effort to have the 1945 crop of tobacco removed from price control by the Office of Price Administration.

The special crops staff also made a study of the organization and operating problems of cooperatives marketing honey in Ohio and Illinois. It made suggestions for improving the operating efficiency of a tobacco marketing association that saved 10 percent in overhead costs. It helped cooperatives marketing dried beans in five Inter-mountain States to organize a joint sales agency.

By 1953, cooperatives marketing special crops had made significant progress. In that year, these associations handled crops with a value of over \$450 million for about 75,000 producers. Rice cooperatives were handling approximately 40 percent of the crop produced in the United States, and Sioux Honey Association, Sioux City, Iowa, had grown until its operations covered 18 States.

14. Transportation.—The Transportation Section assisted in organizing the National Agricultural Cooperative Transportation Committee of the National Council of Farmer Cooperatives in 1947. In that year it also completed a num-

ber of traffic studies that largely emphasized the importance of determining desirable plant location.

The Section made studies for several groups of cooperatives to determine the most advantageous locations for new plants and warehouses. These studies considered in- and out-freight rates and storage or milling-in-transit privileges available at alternate locations. In some cases, the practicability of using truck or barge transportation was appraised.

Other research projects were as follows: (1) A continuing effort to determine economies and improved services realized by established cooperatives in hauling products to market and distributing farm supplies, (2) coordination of transportation facilities and services among cooperatives in various parts of the United States, and (3) a study, jointly with the Purchasing Section, of factors in transportation costs and economics basic to a fertilizer program in the North Central States.

An analysis made by the transportation staff demonstrated that a regional cooperative was losing \$30,000 annually through failure to employ efficient traffic service and to coordinate its transportation facilities with its locals. As the staff advised, the regional immediately established a traffic department.

To summarize.—The work with farmer cooperatives after the close of World War II covered every phase of their organization and operations.

A continuing development was the Division workshop, the first of them held in January 1939. The 11th, for example, was held in December 1949 and was devoted mainly to research problems.



Farmer Cooperative Service has continued the yearly workshop, started in 1939 by the Division of Agricultural Cooperation. In this 1960 picture, J. Kenneth Samuels, Director, Marketing Division (center), leads a staff group in an analysis of a problem.

Listed on the program were 43 participants. These included the Governor and Deputy Governor of Farm Credit Administration, 20 members of the Division staff, 12 from other agencies of the Department, and 9 representing universities and general farmer and cooperative organizations. Papers presented by all members of the staff were published in 1950 as Special Report 207.

Toward the end of 1950, because of hostilities in Korea, the Division reactivated the planning committee that had functioned during World War II. This committee was active during approximately the first 6 months of 1951. It summarized recommendations in February 1951 as follows:

The Committee believes that the effectiveness of the work of the Division in this emergency requires (a) close contact with defense agencies, and (b) a flexible program which will permit quick shifts in direction whenever necessary.

It is also our considered belief that the maintenance and strengthening of farm-

ers' cooperatives contribute to the preservation of a free economy. . . . It is a basic responsibility of this Division to assist in bringing about an understanding of the place and function of cooperatives in our economic system.

A reference to cooperation with other State and Federal agencies during the 1950-51 fiscal year is typical of a policy inaugurated early in the history of the Division. A report of Division activities stated:

Throughout the years, the Division has been able to enlarge its efforts in behalf of farmers' cooperatives by cooperating with other State and Federal agencies in the conduct of research and service projects. In this way its influence has been extended far beyond the limits of its own staff and funds.

The fiscal year 1950-51 saw no limitation of this practice. The staff of the Division was engaged in approximately 90 research projects, including 24 'work' and 'line' projects conducted with RMA funds which have been available to the Division since 1947-48. For the same period there were reported 45 projects of a service or educational nature. Out of the total of 135 projects, about 55 percent

were conducted with the cooperation of one or more additional agencies. These cooperating agencies represented practically all States and included State experiment stations and extension services, Federal agencies, cooperatives, and their State and National organizations.

During this period the cooperatives grew greatly in importance to the Nation's economy. A study of 1952-53 operations showed 10,114 farmers' marketing, purchasing, and related service cooperatives with 7.5 million memberships and a gross dollar volume of business totaling \$12.3 billion.

During 1952-53, the Cooperative Research and Service Division issued 48 publications dealing with cooperative problems, and its staff took part in some 200 educational or business meetings with 13,000 directors, managers, and members attending. At this time it was estimated that two of every three farm-

ers in the United States were members of one or more marketing or purchasing cooperatives.

Some indication of the extent and diversification of the program of the Cooperative Research and Service Division while in the Farm Credit Administration can be obtained from a review of the types and number of publications issued. Numbers according to type of publication were as follows: Bulletins, 71; General Circulars, 53; Educational Circulars, 40; Miscellaneous Reports, 177; State Reports, 34; Limited Reports, including those previously classified as confidential, 347; Advisory Reports, 42; War Circulars, 13; Leaflets, 12; and Legal Summaries, 58.

In addition to this the *News for Farmer Cooperatives* was published monthly and a large number of reprints were made available.

Farmer Cooperative Service (1953 to 1962)

FARMER Cooperative Service began its formal existence on December 4, 1953. Formation of this agency, which was assigned responsibility for carrying on the research, service, and educational program with cooperatives formerly conducted by the Farm Credit Administration, grew out of two developments.

One was approval of the Farm Credit Act of 1953 on August 6 of that year. It transferred the Cooperative Research and Service Division from the Farm Credit Administration which was set up as an independent agency to the jurisdiction of the Secretary of Agriculture. The second was the

reorganization of the Department of Agriculture which occurred on November 2 of the same year.

With these changes, work on problems of cooperatives for the first time achieved agency status in the U.S. Department of Agriculture. To a considerable degree this reflected the general acceptance of the idea that cooperatives were an important instrumentality of farmers in marketing their products and obtaining necessary production supplies and services.

Moreover, there was growing appreciation on the part of the Department of Agriculture that it should assist farmers in their business efforts in much the same way

that it was helping provide various kinds of technical assistance on problems of production. It was in recognition of these trends that Farmer Cooperative Service was established within the Department.

Organizational Structure

The program of work with farmer cooperatives under Farmer Cooperative Service continued along much the same line as previously. As a separate agency, however, the Service became a self-contained and complete organization (see pages 70 and 71 for FCS organization chart as of January 1961). Joseph G. Knapp, who had served as Associate Chief of the Cooperative Research and Service Division from 1948, was made Administrator of this newly established agency.

To facilitate its operations, an Administrative Management Division was established. This Division had responsibility for personnel, accounting, budgeting, and other "housekeeping" functions.

Similarly, an Information Division also was established with responsibilities for publishing the *News for Farmer Cooperatives*, editing publications and reports, handling press releases and contacts, getting movies and television programs produced, preparing exhibits, distributing the stock of FCS publications, answering inquiries for information from the general public, serving in a liaison capacity with the information agencies of the Department, and related information office duties.

Finally the research, service, and educational work with farmer cooperatives was grouped in three program divisions—Marketing,

Purchasing,² and Management Services. The various sections of the former Cooperative Research and Service Division were designated as branches and assigned to these divisions.

The Marketing Division was given responsibility for all work relating to the cooperative marketing activities of farmers. Because of the tendency of such work to be carried on along commodity lines, the seven branches having marketing responsibilities were placed in this Division. These were: cotton and oilseeds, dairy, fruits and vegetables, grain, livestock and wool, poultry, and special crops. The latter included work on such crops as dry beans, forest products, honey, peas, rice, sugar beets and sugarcane, and tobacco.

The Purchasing Division grouped those cooperative responsibilities that dealt with the production supplies and services required in modern farm operations. Three branches included in this division were: farm supplies, farm services, and frozen food locker.

The Farm Supplies Branch was assigned consideration of problems of cooperatives handling such items as feed, seed, fertilizer, petroleum products, equipment and machinery, and related production necessities.

The Farm Services Branch was

² In the Cooperative Research and Service Division the term purchasing was used to indicate the unit or section working on problems of cooperatives handling feed, seeds, fertilizer, petroleum products, and related production supply items. With the formation of Farmer Cooperative Service this work was assigned to the Farm Supplies Branch and the term purchasing was used to identify both the supplies and services farmers purchased.

authorized to assist those cooperatives furnishing credit, electric power, insurance, irrigation, health protection, and a wide range of related farm services.

The work of the Frozen Food Locker Branch emphasizes improving management tools and techniques of small processing cooperatives, evaluating plant operating procedures and merchandising practices, and developing industry-wide information on the locker and freezer provisioning industry.

Experience demonstrated that a number of activities were common to both marketing and purchasing cooperatives. Therefore, the Management Services Division was established to carry on work of interest to all types of cooperatives. In so doing it worked across commodity lines on such problems as financing, management, membership, organization, and transportation. Branches that made up this Division were: Business Administration, History and Statistics, Membership Relations, and Transportation.

As in the past the three program divisions engaged in three major types of activity—(1) research, (2) advisory service and technical assistance, and (3) education. These lines of work are closely integrated. It has long been recognized in Federal work with cooperatives that a continuous and effective program of research is basic to the achievement of significant accomplishments in both the service and educational areas.

Highlights in Program Activities

Publications of Farmer Cooperative Service from the time of its establishment in 1953 to January 1, 1962, were as follows: 13 bulletins,

30 circulars, 16 educational circulars, 4 educational aids, 99 general reports, 57 service reports, 158 case studies, 18 legal series or summaries, 23 information series publications, 22 marketing research reports, some 20 miscellaneous reports, and monthly issues of the *News for Farmer Cooperatives*, together with over 225 separate reprints of articles or groups of articles from this magazine.

Approximately one-third of these publications were the result of participation by the Service in the research program growing out of the Agricultural Marketing Act of 1946.

The research efforts of Farmer Cooperative Service have been adjusted continually to changing agricultural conditions. Representative illustrations of some of the newer areas of research with cooperatives in which the Service has been and is still active are as follows:

1. The subject of integration has received considerable attention by the Farmer Cooperative Service. Early studies included: General Report 44, *Integrated and Related Operations of the Central Carolina Farmers Exchange* (Martin A. Abrahamsen and Russell C. Engberg); General Report 45, *United Cooperative Farmers, Inc.—A Study in Economic Integration* (John M. Bailey and Russell C. Engberg); General Report 61, *Integrated Operations . . . Hamilton Farm Bureau Cooperative* (Martin A. Abrahamsen).

Subsequent studies have dealt with the integrated program of: The Federated Cooperative of Quebec, the Pendleton (Oreg.) Grain Growers, and a group of fresh fruit and vegetable cooperatives. These studies were prepared to

FARMER COOPERATIVE SERVICE

UNITED STATES DEPARTMENT OF AGRICULTURE



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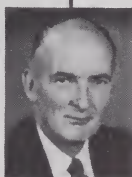
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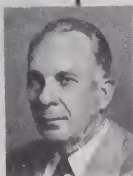
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show how cooperatives have been successful in providing integrated services for members.

Three functional studies of integration have been made by the Service. The first was General Report 58, *Integrated Petroleum Operations through Farmer Cooperatives, 1950 and 1957* (Anne L. Gessner and J. Warren Mather). Others were on integrated dairy and integrated feed operations of farmer cooperatives. On the closely related field of mergers, articles that appeared in the *News for Farmer Cooperatives* on economic, human, financial, legal, and facilitating aspects of this problem were published in reprint form, and have had wide distribution.

2. Two publications growing out of increased emphasis by the Service on problems of cooperative financing were: FCS Educational Circular 5, *Financing Farmer Cooperatives* and General Report 41, *Revolving Fund Method of Financing Farmer Cooperatives* (Helim H. Hulbert, Nelda Griffin, and Kelsey B. Gardner). Other studies of the Branch pertained to methods of financing and farmers' equities.

3. The Service has conducted studies identifying research needs of cooperatives. In cooperation with the American Institute of Cooperation and agricultural economists and rural sociologists from land-grant colleges, the Service revised a previous publication on problem areas in cooperative research.

It prepared and issued General Report 40, *Research in Agricultural Cooperation—Problem Areas*. A supplementary publication examined the place of research programs of major regional farm supply cooperatives. It helped con-

tribute to the establishment of annual conferences of research directors by these associations.

4. In the field of membership participation, publications reflect new thinking by cooperatives and cover such subjects as: FCS Circular 15, *How Women Help Their Farmer Co-ops* (John H. Heckman and Oscar R. LeBeau). Another study reported on membership practices of cooperatives. Supplementing this research program have been a number of reprints from the *News for Farmer Cooperatives* and either the preparation or revision of publications on organizing and forming cooperatives and on improving member relations and membership participation.

5. In response to increased interest in problems of cooperative management, the Service conducted a number of studies in the field. One such study was of directors' duties and responsibilities. It gave attention to the experience, training, and compensation of directors as well as the performance rating of boards by managers and directors.

Other studies in this series were concerned with bylaw provisions for selecting directors of regionals; the qualifications and duties of directors; employee incentive plans; and the selection and election of directors.

6. Increased attention has been given to matters of communication. For instance, the Service studied and published General Report 30, *How Do Members Use A Co-op Paper?* (Job K. Savage). It revised an older publication and published it as Information 13 under the title, "Making Your Membership Publication Do the Job."

A series of reprints of articles appearing in the *News for Farmer Cooperatives* covered *Annual Reports*, *Effective Communications—Core of Co-op Success*, *Ideas for Making Annual Meetings Effective*, and *Formulas for Annual Meetings* also have been prepared.

7. Growing recognition, too, has been given to the general area of public relations. A Service Report on State Cooperative Councils appeared in 1956. Two leaflets, one relating to farmer co-ops in the community and the other on public relations in cooperative business, appeared in 1958 and 1959 respectively. These have been supplemented by two reprints from the *News for Farmer Cooperatives* on public relations.

8. Indicative of growing recognition of the place of youth in cooperatives, the Service published FCS Circular 1 on *Cooperative Business Training for Farm Youth* (Oscar R. LeBeau and John H. Heckman). This has been supplemented by Educational Aids covering such subjects as *Farmer Cooperation . . . An American Way*, *4-H Clubs and Co-ops*, *Better Living*, and *Future Farmers and Co-ops*. Publications in this same area covered the use of cooperatives as source of teaching material and the teaching of farmer cooperation.

9. Growing emphasis on problems of transportation research have covered a wide range of areas. A series of reports have related to fertilizer transportation problems of cooperatives as well as problems confronting cooperatives in losses and bruising in handling and transporting livestock.

Industry-wide publications of special interest have been on agricultural exemption features of in-

terstate trucking of frozen fruits and vegetables, and the transportation of rice.

10. Technical aspects relating to the operating problems of cooperatives, often studied under the Marketing Research Act, have been studied by a number of marketing branches of the Service. One such study was on the efficient use of gin machinery and another dealt with practices and costs in flat, standard, and high density baling of cotton.

11. Changing conditions in the dairy industry resulted in a study of milk hauling practices. Findings were published in FCA Bulletin 69, *Farm-to-Plant Milk Hauling Practices of Dairy Cooperatives* (Joseph M. Cowden). Other areas of research designed to improve the efficiency of dairy cooperatives covered such subjects as a comparison of bulk and can milk hauling costs, butterfat sampling in bulk hauling, multiquart containers, and opportunities for Grade A milk marketing by milk manufacturing cooperatives.

12. Agency work with fruit and vegetable cooperatives has given special attention to the development of bargaining cooperatives. To this end it cooperated with the National Council of Farmer Cooperatives in developing a series of conferences on this subject. A study of pooling and other payment methods of local vegetable cooperatives provided data on types of payment methods that contributed to effective and orderly marketing.

FCS Circular 27, *Sunkist Growers, Inc.—A California Adventure in Agricultural Cooperation* (Irwin W. Rust and Kelsey B. Gardner), published in 1960, brings up-to-date information on this well-known cooperative. Other studies ex-

plored the coordinated marketing of processed fruits and vegetables and analyzed the returns and practices of Florida fresh citrus sales associations.

13. The work with grain cooperatives included: FCS Circular 10, *New Country Elevators—Influence of Size and Volume on Operating Costs* (Thomas E. Hall), and General Report 64, *Cooperative Country Elevators in Montana* (Francis P. Yager). The Service has prepared annual summaries on the operation of regional grain cooperatives that have provided data useful to management for comparing business performance.

14. Problems of livestock cooperatives in the Northeastern States in operating auctions were reported in two publications. FCS Circular 9, *Feeder Calf Sales in the Southeastern States* (C. G. Randell and Anna E. Wheeler), also represented a new area of study.

The role of frozen food locker plants in the meat packing business was explored in a study that included the appraisal of future possibilities and the need for cooperative meat processing. Reasons for failure of cooperatives in this area of activity also were studied.

15. Research by the Service on the problems of poultry and egg cooperatives covered possibilities for increasing operating efficiencies. A series of cost studies on handling eggs in the northeast, north central, and western parts of the country were published. Also FCS Circular 23, *Cooperative Marketing of Turkeys* (Henry W. Bradford and John J. Scanlan), was published. A number of studies exploring opportunities for the merger of poultry cooperatives also have been made.

16. A wide range of interests represented in special crops resulted in a publication, FCS Circular 7, *Western States Bean Cooperative—A Joint Sales Agency* (Henry M. Bain), in 1954 and rather extensive work with rice both from the standpoint of the operations of rice cooperatives and a study of transportation as related to rice production in the South.

17. Research in the Service on problems of farm supply cooperatives included many areas. For instance, *Credit Control in Selected Retail Farm Supply Co-ops* (John M. Bailey) and *Inventory Management by Selected Retail Farm Supply Co-ops* (John M. Bailey) were the first in a series of publications dealing with special features of credit and inventory problems of these cooperatives. In addition, work on problems of feed cooperatives resulted in publications on feedbags and mobile feedmills.

A Handbook on Major Regional Cooperatives Handling Farm Production Supplies, 1958 and 1959 (J. Warren Mather), is the most recent of a series that describes the organizational structure, types of services, savings, and general operating trends of these associations.

Also, studies on problems of fertilizer cooperatives took into account manufacturing facilities and distribution methods including bulk distribution and liquid nitrogen distribution. Pay plans for tank truck salesmen was another subject that was studied. The staff also has participated in a number of merger studies.

18. A series of credit union studies has highlighted recent work with service cooperatives. Two of these publications have been: Gen-

eral Report 49, *Rural Credit Unions in the United States* (Arthur H. Pursell), and General Report 94, *Rural Credit Unions in Nine Mid-western and Great Plains States* (Arthur H. Pursell).

Two reports on the use of credit unions also have been prepared. These publications explained the organization and operation of credit unions and their place in rural economy. In addition, a reprint was prepared from articles in the *News for Farmer Cooperatives* that dealt with the operations of rural credit unions.

Other work of the Branch has included retirement and group insurance plans for employees of cooperatives and reinsurance by mutual fire insurance companies.

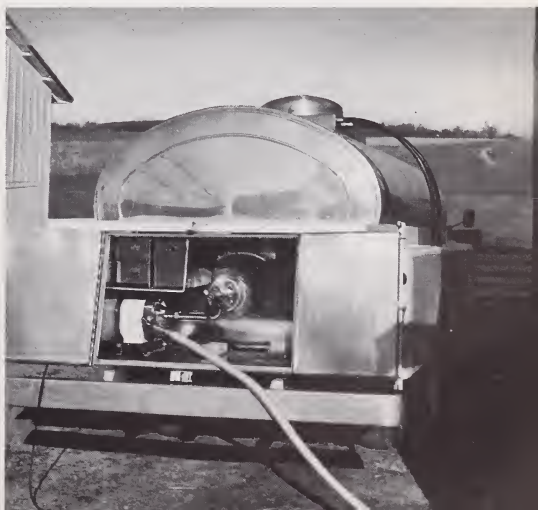
19. Work with the Frozen Food Locker and Provisioning Plants has emphasized accounting and operating efficiency. *Frozen Food Locker Cooperatives in Illinois, 1956-57* (L. B. Mann and Paul C. Wilkins), is the last report in a series of studies of local associations by the Branch that provided comparative operating information useful in appraising business performance. Other studies dealt with the development of guides for uniform accounting, an analysis of major processing and storage costs, merchandising techniques for frozen food locker plants, and business management. As a guide to management, the Service also has conducted industry-wide studies every 5 years that emphasize the status of

and trends in this dynamic and rapidly changing industry.

20. The role of cooperatives in other countries has been given greater recognition in recent years. In addition to indicating the nature and extent of this development, studies by the Service have identified areas of mutual interest to cooperative leaders in the United States and other countries. In cooperation with the Foreign Agricultural Service, a report was prepared titled FAR-105, *Agricultural Trade with the Cooperatives of Japan* (John H. Heckman). Also a series of three publications have appeared under the general title, General Report 4, *Agricultural Cooperation in Western Europe* (John H. Heckman and Anna E. Wheeler). These specifically have related to the Benelux Countries; England, France, Italy, and Switzerland; and Norway, Sweden, and Denmark.

In 1961, FCS Circular 28, *A Look at Agricultural Cooperation in India* (Martin A. Abrahamsen), was prepared to provide cooperative leaders and others in this country with information on the nature and problems of cooperatives in that country. These publications

The research efforts of Farmer Cooperative Service, since its establishment in 1953, have continually adjusted to changing agricultural conditions. Bulk milk handling is one of the newer areas of research in which the Service has been active.





In December of 1954, Farmer Cooperative Service and the American Institute of Cooperation jointly sponsored a research conference on farmer cooperatives. Members of the FCS staff and land-grant college men from many States attended the conference, held in Washington, D.C.

have been supplemented by a reprint of articles from the *News for Farmer Cooperatives*, "Co-ops in Other Lands."

National Leadership

During the 8 years of its existence, Farmer Cooperative Service has engaged in a number of additional activities that have grown out of the changing agricultural conditions confronting farmers and their cooperatives.

One example of such effort was the joint sponsorship with the American Institute of Cooperation of a national conference on research and teaching in agricultural cooperation in 1954.

Following this conference five subsequent regional conferences were held—at Washington State College, Pullman; Clemson Agricultural College, Clemson, S.C.;

Texas A. and M. College, College Station; Kansas State College, Manhattan; and Pennsylvania State University, University Park. A second national conference was held in 1959.

Attention at these conferences was given to research methods for dealing with distinct problems of agricultural cooperatives; special areas for research, particularly integration, bargaining power, and regional research; and possibilities for improving Interstate-Federal coordination of research on problems of interest to farmer associations. Proceedings of all conferences have been published.

In exploring teaching methods, attention was directed to the need for better teaching fundamentals, curriculum contents, and necessary materials for effective teaching.

Along somewhat similar lines and also in cooperation with the American Institute of Cooperation, the Service has sponsored a number of regional member relations conferences. These conferences brought together membership relations workers and other interested persons by areas and gave primary attention to the methods being used to increase the effectiveness of membership relations programs among cooperatives.

By the end of 1961 regional conferences had been held in Hershey, Pa.; Richmond, Va.; Kansas City, Mo.; Minneapolis, Minn.; New York, N.Y.; Omaha, Nebr.; San Francisco, Calif.; East Lansing, Mich.; Portland, Oreg.; Atlanta, Ga.; and Wichita, Kans.

The Service also has provided assistance to other Government agencies in their relations with cooperatives. Work with the Treasury Department on problems of cooperative taxation is illustrative of such effort. The Service, too, has frequently had an opportunity to review and make suggestions on various releases having a bearing on matters relating to Federal policy with cooperatives. In 1960 the Service provided information on the significance and character of cooperatives that was based on its financial studies to the Ways and Means Committee, House of Representatives, in connection with its hearings on cooperative taxation.

Another example of assistance to cooperatives has been the cosponsorship with the Agricultural Research Service, U.S. Department of Agriculture, of a national conference of cooperative cottonseed and soybean oil mills. These conferences have been held annually for a number of years and enable these associations

to better meet technical and economic problems, thus improving their operating efficiency.

The Service has provided information on a number of problems of concern to national cooperative organizations; particularly the American Institute of Cooperation, the National Council of Farmer Cooperatives, The Cooperative League of the U.S.A., and a number of the general farm commodity organizations.

Farmer Cooperative Service also has made substantial contribution to international understanding through its program of assistance to foreign nationals.

In cooperation with the Foreign Agricultural Service and the Agency for International Development, it works with some 650 foreign representatives annually who come to the United States to study operations of American cooperatives in actual practice as well as to get acquainted with policy on cooperatives as it exists on both State and National levels.

In all, thousands of foreign representatives have benefitted from the training program in cooperatives that has been provided through the advice and guidance of Farmer Cooperative Service.

Recognition of the work of the Service and the capacity of its staff has been made in many ways in connection with cooperative advancement overseas. Representatives of the Service have been temporarily assigned for work or dissemination of technical information relating to cooperatives in such areas as Korea, Japan, Ethiopia, India, Egypt, Turkey, Trinidad, New Guinea, British Guiana, Caledonia, Paraguay, Venezuela, Colombia, and Peru.

The Period in Retrospect

THE first 50 years covered in this report largely were years of experimentation and trial and error for farmer cooperatives in the United States. Many mistakes were made, but driven on by pressing economic needs cooperatives gained recognition as a useful economic tool for farmers.

The following 50 years, 1912 to 1962, were for farmer cooperatives a period of growth and development. The progress they made cannot be measured by volume of business alone. The distinctive progress is found in: Increased memberships while the number of farmers was declining, improved management, better informed boards of directors, increased awareness of the kinds of services required by farmers, and substantial integration of operations—all these are indications of significant progress.

The scope and direction of assistance to cooperatives by the Department of Agriculture has changed with the needs of farmers and their associations. One pressing need in 1913 was for reliable assistance on problems of organization and operation. The staffs of agencies having responsibility for cooperative work undertook to meet this need. Somewhat later, field agents in marketing and county agricultural agents gave valuable assistance.

The lack of adequate records and the need for greater appreciation of accounting methods were other problems that the cooperative staff of the Department tackled. Early publications dealt to a considerable extent with accounting problems and records. Progress has been

made since that time, but accounting continues a problem of some cooperatives.

Confusion regarding the legal status of cooperatives, and the need of legal review of various court decisions, led to the appointment of an attorney to the staff in 1918. From 1913 to about 1921, cooperatives were harassed by a series of antitrust suits in State courts. The fact that cooperatives were not "illegal combinations in restraint of trade" was not definitely established until Federal legislation taking the form of the Capper-Volstead Act was enacted in 1922.

In 1913, there probably were not over 25 operating cooperatives that could be classed as regionals; 17 of these were still active in 1957. By 1923 the number in this group had grown to some 175. Problems of cooperative management were intensified in these larger organizations. Need for adequate financing and more adequate accounting records increased. Membership relations became more important. The need for managerial skill and stronger boards of directors also came to the foreground. All of these matters received the attention of Federal research workers.

By 1921 economic research received increased recognition as an effective way to evaluate cooperative possibilities and to deal with problems. The established policy in the Department of Agriculture of making application of the findings of economic research to cooperatives and their problems was an important contribution by the Federal Government.

Early studies analyzed the factors that contributed to the success

of well-established cooperatives. This was followed by similar studies of more recently organized regional associations. The problems of these relatively inexperienced organizations led to greater demands on the Department for advisory assistance on economic and business problems.

Possibilities of cooperation in agriculture appeared unlimited to many people during the 1920's. The vigor and earnestness of these growing efforts were manifest. At the first session of the American Institute of Cooperation, for example, cooperative leaders spent 4 weeks in an organized discussion of their problems and plans for the future. Public interest and support was at a high level. The Division of Cooperative Marketing became widely recognized as a source of valuable information and assistance.

The 1920's also were the heyday of the Farm Bloc, a group that believed strongly in more direct assistance to agriculture than cooperatives could offer. Passage of the McNary-Haugen bill, vetoed by President Coolidge, marked the high tide of their efforts in the 1920's. A compromise of conflicting opinions was responsible for the Agricultural Marketing Act and the creation of the Federal Farm Board in 1929.

Following the creation of the Federal Farm Board, the cooperative staff was transferred to the Federal Farm Board in 1929. For the next 10 years, until the Farm Credit Administration became part of the Department of Agriculture, work with cooperatives was conducted in these independent agencies, outside the jurisdiction of the Department of Agriculture.

During the period that the Division of Cooperative Marketing was part of the Federal Farm Board, it placed emphasis on appraisals of organization possibilities or on determining necessity and safety of Farm Board loans to cooperatives rather than on new research. However, much use was made of prior research work of the Division.

Substantial progress was then directed to the organization of national and regional cooperatives. Many of the regionals have survived and expanded their operations.

From 1933 to 1953, the cooperative staff was a part of the Farm Credit Administration. The progress made by farmer cooperatives during this period dwarfed all earlier advances. The Cooperative Research and Service Division was intimately associated with this progress, and demands on the staff for research and service assistance continued to increase.

During and after World War II, cooperatives increased in membership and developed new methods of serving farmers. Bulk delivery of feed and fertilizer was inaugurated. New and modern plants were constructed for processing fruits and vegetables, manufacturing dairy products, extracting cottonseed and soybean oil, and many additional services.

For example, findings of Farmer Cooperative Service showed that from 1940 to 1960, 16 regional grain cooperatives increased their subterminal and terminal elevator capacity from 20 million to 227 million bushels.

Many of these developments stemmed from research and advisory assistance by the staff of the Cooperative Research and Service Division. The practice of paying



Farmers own 2,800 cooperative petroleum bulk plants with 5,400 tank trucks like this one in Missouri to deliver fuel to their farms. In the late fifties, the Service made a study of pay plans for tank truck salesmen.

premiums to producers for meat-type hogs is one development growing out of this research. Another was a study of petroleum operations of cooperatives in 1951 that emphasized the need for coordinated efforts if the best interests of farmers were to be served.

Service work with farmer cooperatives always has had an urgent quality. Frequently the demand arose from the desire of directors of small and large associations to obtain an impartial review of present or proposed policies, or methods of administration.

Over the years, approximately half of such projects have been conducted with the cooperation of State officials. Yet State agencies often have not wanted to assume full responsibility because many problems were more than statewide in character. Furthermore, the cooperative staff has become widely recognized as the group that was expert

in the field. Consequently, frequent demands have been made on the staff to carry out this portion of their responsibility under the Cooperative Marketing Act.

The Cooperative Marketing Act also authorized the Cooperative Research and Service Division and its successor, Farmer Cooperative Service, "To promote the knowledge of cooperative principles and practices and to cooperate, in presenting such knowledge with educational and marketing agencies, cooperative associations, and others."

Educational work has been a continuing project of the entire staff. A feature has been the publication of special circulars for use by vocational and agricultural classes in high schools and other educational institutions. Another has been the publication of summaries of findings of research projects in the monthly magazine, *News for Farmer Cooperatives*. The nu-

merous educational meetings, clinics, and conferences in which members of the staff have participated over the years have been mentioned from time to time in the foregoing sections.

Compared with the large corporations, farmer cooperatives, however, are small business. Studies of Farmer Cooperative Service showed that in 1954 over 80 percent of all farmer cooperatives did a business of \$1 million or less annually. Comparatively few presently exceed \$100 million, but not more than 3 or 4 exceed \$200 million. This suggests that further developments undoubtedly will include consolidation of smaller associations and federations of locals into stronger and more effectively integrated businesses.

The achieving of agency status for work with cooperatives through the formation of Farmer Cooperative Service reflected increased recognition of the importance of the business problems of farmers. It also is indicative of growing realization on the part of the Department that it has a responsibility to assist farmers with these problems. To more effectively provide this assistance, research, service, and educational work in the Service was grouped in three program divisions—Marketing, Purchasing, and Management Service.

The response of the Service to changing economic conditions is shown by the nature of the work undertaken. For instance, within the past decade emphasis has been on such comparatively new areas of work as integration, consolidations and mergers, economic research, problems of directors, membership relations, and cooperative information programs with farm youth.

New work also has included efforts in such areas as: public relations, communications, and the teaching of cooperation.

In addition, the various branches of the Service have given increased attention to studies of research dealing with implications of new technical developments, problems of reducing operating costs, and ways of achieving greater efficiency in business performance.

Through the maintenance of nationwide statistical information on cooperative development and trends, the Farmer Cooperative Service has provided other agencies of the Government and the general public with facts not otherwise available as to the true status of farmer cooperatives.

The growing scope of work of the Service is also indicated by its assumption of responsibilities for the guidance and training of foreign visitors who have an interest in the organization and operation of cooperatives in this country.

Directly or indirectly through its research program, educational efforts, publications, and conferences and consultations, Farmer Cooperative Service has in one way or another been of assistance to practically all cooperatives in the United States and helped to build a climate favorable to their effective development. Another aspect of the work of the Service relates to the savings of millions of dollars through advising against unsound cooperative ventures.

Through a continuing policy of cooperation with research workers and extension personnel at land grant colleges, various agencies of the Federal Government, such cooperative organizations as the American Institute of Cooperation,

the National Council of Cooperatives, the Cooperative League of the United States of America, and various cooperative commodity groups, Farmer Cooperative Service has contributed to a climate of mutual understanding and recognition of cooperatives.

In a changing economy, organizations such as cooperatives can be expected to reflect the dynamic de-

velopments of the day. Therefore, as these organizations change, the need for the guidance of research to mark the way ahead is clear. Consequently, the duties of the staff of Farmer Cooperative Service to assist farmers and their cooperatives to prepare for future changes and adjustments in operations becomes increasingly urgent in the years ahead.

Other FCS Publications Available

- Farmer Cooperatives in the United States. FCS Bulletin 1.
- Organizing a Farmer Cooperative. FCS Circular 18.
- Making the Most of Your Co-op Annual Meeting. FCS Circular 22.
Oscar R. LeBeau and French M. Hyre.
- Business Research of Regional Farm Supply Co-ops. General Report 13. *Martin A. Abrahamsen.*
- Revolving Fund Method of Financing Farmer Cooperatives. General Report 41. *Helim H. Hulbert, Nelda Griffin, and Kelsey B. Gardner.*
- Management Training Among Farmer Cooperatives. General Report 65. *David Volkin and Nelda Griffin.*
- Directors of Regional Farmer Cooperatives—Selection, Qualifications, Duties, Performance. General Report 83. *David Volkin, Nelda Griffin, and Helim H. Hulbert.*
- Handbook on Major Regional Cooperatives Handling Farm Production Supplies, 1958 and 1959. General Report 89. *J. Warren Mather.*
- Statistics of Farmer Cooperatives, 1959-60. General Report 103. *Anne L. Gessner.*
- The Story of Farmers' Cooperatives. FCS Educational Circular 1.
- Financing Farmer Cooperatives. FCS Educational Circular 5.
- Forming Farmer Cooperatives. FCS Educational Circular 10.
- Sizing Up Your Cooperative. FCS Educational Circular 11.
- Three Principles of Agricultural Cooperation. FCS Educational Circular 13.

A copy of each of these publications may be obtained while a supply is available from:

Information Division

FARMER COOPERATIVE SERVICE

U.S. DEPARTMENT OF AGRICULTURE

WASHINGTON 25, D.C.